Pou Chen Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2013 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 "Consolidated and Separate Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

POU CHEN CORPORATION

By

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March 28, 2014

Deloitte.
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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Pou Chen Corporation

We have audited the accompanying consolidated balance sheets of Pou Chen Corporation (the "Company") and its subsidiaries (collectively, the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The Company's investments in Ruen Chen Investment Holding Co., Ltd. were accounted for by the equity method in the consolidated financial statements based on financial statements audited by other auditors. Our opinion, insofar as it relates to Ruen Chen Investment Holding Co., Ltd., is based solely on the report of other auditors. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying value of the investments was 1.76% ($4,357,308 thousand), 3.99% ($9,719,137 thousand) and 3.66% ($8,765,886 thousand) of the total assets, respectively. For the years ended December 31, 2013 and 2012, the share of profit of the associate was 15.62% ($2,925,285 thousand) and 7.88% ($1,635,929 thousand) of the income before income tax, respectively.

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

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Pou Chen Corporation as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified modified report.

Deloitte & Touche

March 28, 2014

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

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

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

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 29,606,164	12	$ 28,854,625	12	$ 25,185,059	11
Financial assets at fair value through profit or loss, current (Notes 4 and 7)	630,225	-	618,282	-	714,547	-
Available-for-sale financial assets, current (Notes 4 and 8)	14,250,585	6	12,119,802	5	10,745,285	4
Financial assets measured at cost, current (Notes 4 and 9)	4,950	-	-	-	28,399	-
Debt investments with no active market, current (Notes 4, 10 and 40)	1,556,437	1	517,641	-	156,471	-
Notes receivable (Notes 4 and 11)	16,481	-	80,167	-	57,726	-
Notes receivable from related parties (Notes 4, 11 and 39)	65	-	302	-	43,887	-
Accounts receivables (Notes 4 and 11)	29,959,225	12	28,007,419	11	23,140,654	10
Accounts receivable from related parties (Notes 4, 11 and 39)	215,018	-	192,880	-	704,875	-
Other receivables (Notes 4 and 11)	4,180,464	2	3,756,199	2	3,882,001	2
Inventories (Notes 4 and 12)	41,082,506	16	38,402,091	16	36,066,777	15
Prepayments for lease (Notes 4 and 13)	151,409	-	157,629	-	163,576	-
Noncurrent assets held for sale (Notes 4 and 14)	-	-	48,613	-	3,170,549	1
Other assets, current (Notes 4 and 15)	9,592,557	4	7,108,432	3	7,100,212	3
Total current assets	131,246,086	53	119,864,082	49	111,160,018	46
NONCURRENT ASSETS						
Financial assets at fair value through profit or loss, noncurrent (Notes 4 and 7)	311,801	-	27,177	-	677,040	-
Available-for-sale financial assets, noncurrent (Notes 4 and 8)	444,958	-	515,195	-	460,759	-
Financial assets measured at cost, noncurrent (Notes 4 and 9)	876,405	-	850,089	-	822,120	-
Debt investment with no active market, noncurrent (Notes 4, 10 and 40)	40,549	-	25,864	-	405,726	-
Investments accounted for by the equity method (Notes 4, 16 and 40)	34,822,264	14	39,839,473	16	40,813,138	17
Property, plant and equipment (Notes 4, 17 and 40)	59,099,839	24	61,375,481	25	63,229,353	27
Investment properties (Notes 4, 18 and 40)	2,153,463	1	1,481,943	1	2,201,802	1
Goodwill (Notes 4 and 19)	8,599,567	4	8,380,759	3	7,831,554	3
Other intangible assets (Notes 4 and 20)	3,523,633	1	3,894,643	2	3,389,071	2
Deferred tax assets (Notes 4 and 30)	411,155	-	274,405	-	221,342	-
Prepayments for investment	-	-	-	-	131,575	-
Long-term prepayments for lease (Notes 4, 13 and 40)	5,235,714	2	5,987,930	3	6,491,856	3
Other assets, noncurrent (Notes 4 and 15)	1,363,792	1	1,195,282	1	1,620,222	1
Total noncurrent assets	116,883,140	47	123,848,241	51	128,295,558	54
TOTAL	$ 248,129,226	100	$ 243,712,323	100	$ 239,455,576	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 21)	$ 16,640,291	7	$ 15,662,647	6	$ 18,972,990	8
Short-term bills payable (Note 21)	2,201,866	1	2,465,191	1	2,818,143	1
Financial liabilities at fair value through profit or loss, current (Notes 4 and 7)	20,430	-	41,552	-	448,579	-
Derivative financial liabilities for hedging, current (Notes 4 and 22)	-	-	5,430	-	22,901	-
Notes payable (Notes 4 and 23)	13,366	-	30,899	-	90,598	-
Notes payable to related parties (Notes 4, 23 and 39)	38,804	-	38,182	-	25,843	-
Accounts payables (Notes 4 and 23)	12,762,966	5	10,624,947	4	14,327,808	6
Accounts payables to related parties (Notes 4, 23 and 39)	1,513,745	1	1,557,421	1	1,923,445	1
Amounts due to customers for construction contracts (Notes 4 and 24)	-	-	-	-	59,260	-
Other payables (Note 25)	20,069,301	8	19,644,224	8	15,275,506	6
Current tax liabilities (Notes 4 and 30)	1,907,298	1	1,196,063	1	1,054,772	1
Liabilities directly associated with noncurrent assets held for sale (Notes 4 and 14)	-	-	-	-	1,167,101	1
Current portion of long-term borrowings (Note 21)	8,785,643	3	15,978,798	7	3,354,105	1
Other liabilities, current	3,320,149	1	3,284,624	1	2,496,967	1
Total current liabilities	67,273,859	27	70,529,978	29	62,038,018	26
NONCURRENT LIABILITIES						
Derivative financial liabilities for hedging, noncurrent (Notes 4 and 22)	-	-	-	-	11,450	-
Long-term borrowings (Note 21)	39,210,241	16	36,753,761	15	48,905,284	20
Deferred tax liabilities (Notes 4 and 30)	1,769,337	1	1,992,127	1	1,589,797	1
Long-term other payables (Note 25)	683,130	-	581,991	-	49,103	-
Accrued pension liabilities (Notes 4 and 26)	1,534,353	1	1,286,665	1	1,090,159	-
Other liabilities, noncurrent	38,129	-	22,929	-	18,297	-
Total noncurrent liabilities	43,235,190	18	40,637,473	17	51,664,090	21
Total liabilities	110,509,049	45	111,167,451	46	113,702,108	47
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 27)						
Share capital	29,441,372	12	29,431,849	12	29,241,469	12
Capital surplus	4,366,099	1	4,298,105	2	3,835,905	2
Retained earnings						
Legal reserve	8,336,553	3	7,320,919	3	6,740,247	3
Special reserve	4,435,090	2	3,128,375	1	3,283,792	1
Unappropriated earnings	24,000,543	10	20,234,617	8	14,529,965	6
Total retained earnings	36,772,186	15	30,683,911	12	24,554,004	10
Other equity	(9,180,047)	(4)	(2,025,774)	(1)	(940,846)	-
Treasury shares	(188,728)	-	(188,728)	-	(194,789)	-
Total equity attributable to owners of the Company	61,210,882	24	62,199,363	25	56,495,743	24
NONCONTROLLING INTERESTS	76,409,295	31	70,345,509	29	69,257,725	29
Total equity	137,620,177	55	132,544,872	54	125,753,468	53
TOTAL	$ 248,129,226	100	$ 243,712,323	100	$ 239,455,576	100

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

(With Deloitte & Touche audit report dated March 28, 2014)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 28 and 39)	$ 226,664,569	100	$ 276,107,669	100
OPERATING COSTS (Notes 29 and 39)	176,136,637	78	210,828,484	76
GROSS PROFIT	50,527,932	22	65,279,185	24
OPERATING EXPENSES (Note 29)				
Selling and marketing expenses	18,659,399	8	22,827,783	8
General and administrative expenses	15,521,416	7	19,250,908	7
Research and development expenses	6,248,128	3	7,232,387	3
Total operating expenses	40,428,943	18	49,311,078	18
INCOME FROM OPERATIONS	10,098,989	4	15,968,107	6
NONOPERATING INCOME AND EXPENSES				
Other income (Note 29)	3,580,929	2	3,151,305	1
Other gains and losses (Note 29)	1,324,978	1	(1,443,091)	-
Finance costs (Note 29)	(1,250,172)	(1)	(1,867,753)	(1)
Share of profit of associates and joint ventures (Notes 4 and 16)	4,977,369	2	4,948,209	2
Total nonoperating income and expenses	8,633,104	4	4,788,670	2
INCOME BEFORE INCOME TAX	18,732,093	8	20,756,777	8
INCOME TAX EXPENSE (Notes 4 and 30)	(1,821,143)	(1)	(1,678,709)	(1)
NET INCOME	16,910,950	7	19,078,068	7
OTHER COMPREHENSIVE INCOME (LOSS), NET				
Exchange differences on translating foreign operations	2,260,746	1	(2,033,967)	(1)
Unrealized gain on available-for-sale financial assets	1,460,998	1	1,400,990	-
Cash flow hedges	5,430	-	28,921	-
Actuarial loss arising from defined benefit plans (Note 26)	(242,043)	-	(194,496)	-
Share of other comprehensive loss of associates and joint ventures	(10,198,325)	(5)	(739,697)	-
Other comprehensive loss for the year, net of income tax	(6,713,194)	(3)	(1,538,249)	(1)
TOTAL COMPREHENSIVE INCOME	$ 10,197,756	4	$ 17,539,819	6

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 10,619,449	4	$ 10,217,689	4
Noncontrolling interests	6,291,501	3	8,860,379	3
	$ 16,910,950	7	$ 19,078,068	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 3,350,207	1	$ 8,869,145	3
Noncontrolling interests	6,847,549	3	8,670,674	3
	$ 10,197,756	4	$ 17,539,819	6
EARNINGS PER SHARE (Note 31)				
Basic	$ 3.62		$ 3.49	
Diluted	$ 3.53		$ 3.43	

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

(With Deloitte & Touche audit report dated March 28, 2014) (Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owner of the Company											
			Retained Earnings			Other Equity						
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Cash Flow Hedges	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2012	$ 29,241,469	$ 3,835,905	$ 6,740,247	$ 3,283,792	$ 14,529,965	$ -	$ (906,495)	$ (34,351)	$ (194,789)	$ 56,495,743	$ 69,257,725	$ 125,753,468
Appropriation of 2011 earnings (Note 27)												
Legal reserve	-	-	580,672	-	(580,672)	-	-	-	-	-	-	-
Special reserve	-	-	-	(155,417)	155,417	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,824,166)	-	-	-	-	(3,824,166)	-	(3,824,166)
	-	-	580,672	(155,417)	(4,249,421)	-	-	-	-	(3,824,166)	-	(3,824,166)
Net income for the year ended December 31, 2012	-	-	-	-	10,217,689	-	-	-	-	10,217,689	8,860,379	19,078,068
Other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	(263,616)	(1,843,619)	729,770	28,921	-	(1,348,544)	(189,705)	(1,538,249)
Total other comprehensive income (loss) for the year ended December 31, 2012	-	-	-	-	9,954,073	(1,843,619)	729,770	28,921	-	8,869,145	8,670,674	17,539,819
Adjustment in capital surplus from cash dividends received by subsidiaries	-	13,294	-	-	-	-	-	-	-	13,294	-	13,294
Change in capital surplus from investments in subsidiaries accounted for using equity method	-	441,509	-	-	-	-	-	-	-	441,509	-	441,509
Execution of employee stock warrants (Notes 27 and 32)	190,380	4,800	-	-	-	-	-	-	-	195,180	-	195,180
The treasury shares resold by the subsidiaries (Note 27)	-	2,597	-	-	-	-	-	-	6,061	8,658	-	8,658
Change in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(7,582,890)	(7,582,890)
Change in equity for the year ended December 31, 2012	190,380	462,200	580,672	(155,417)	5,704,652	(1,843,619)	729,770	28,921	6,061	5,703,620	1,087,784	6,791,404
BALANCE, DECEMBER 31, 2012	29,431,849	4,298,105	7,320,919	3,128,375	20,234,617	(1,843,619)	(176,725)	(5,430)	(188,728)	62,199,363	70,345,509	132,544,872
Special reserve under Rule No. 1010012865 issued by the FSC (Note 27)	-	-	-	134,641	(134,641)	-	-	-	-	-	-	-
Appropriation of 2012 earnings (Note 27)												
Legal reserve	-	-	1,015,634	-	(1,015,634)	-	-	-	-	-	-	-
Special reserve	-	-	-	1,172,074	(1,172,074)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,416,205)	-	-	-	-	(4,416,205)	-	(4,416,205)
	-	-	1,015,634	1,172,074	(6,603,913)	-	-	-	-	(4,416,205)	-	(4,416,205)
Net income for the year ended December 31, 2013	-	-	-	-	10,619,449	-	-	-	-	10,619,449	6,291,501	16,910,950
Other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	(114,969)	1,864,395	(9,024,098)	5,430	-	(7,269,242)	556,048	(6,713,194)
Total other comprehensive income (loss) for the year ended December 31, 2013	-	-	-	-	10,504,480	1,864,395	(9,024,098)	5,430	-	3,350,207	6,847,549	10,197,756
Adjustment in capital surplus from cash dividends received by subsidiaries	-	14,899	-	-	-	-	-	-	-	14,899	-	14,899
Change in capital surplus from investments in subsidiaries accounted for using equity method	-	43,382	-	-	-	-	-	-	-	43,382	-	43,382
Execution of employee stock warrants (Notes 27 and 32)	9,523	9,713	-	-	-	-	-	-	-	19,236	-	19,236
Change in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(783,763)	(783,763)
Change in equity for the year ended December 31, 2013	9,523	67,994	1,015,634	1,306,715	3,765,926	1,864,395	(9,024,098)	5,430	-	(988,481)	6,063,786	5,075,305
BALANCE, DECEMBER 31, 2013	$ 29,441,372	$ 4,366,099	$ 8,336,553	$ 4,435,090	$ 24,000,543	$ 20,776	$ (9,200,823)	$ -	$ (188,728)	$ 61,210,882	$ 76,409,295	$ 137,620,177

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

(With Deloitte & Touche audit report dated March 28, 2014)

POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 18,732,093	$ 20,756,777
Adjustments for:		
Depreciation expenses	7,434,221	9,156,591
Amortization expenses	420,656	480,163
Net gain on fair value change of financial instruments at fair value through profit or loss	(805,221)	(33,856)
Net loss on disposal of financial assets measured at cost	10,269	1,933
Net (gain) loss on disposal of available-for-sale financial assets	(25,483)	40,580
Finance costs	1,250,172	1,867,753
Interest income	(337,820)	(485,677)
Dividend income	(545,546)	(449,086)
Compensation (income) cost of employee share options	(1,611)	59,503
Share of profit of associates and joint venture	(4,977,369)	(4,948,209)
Net loss (gain) on disposal of property, plant and equipment	424,698	(5,109)
Net gain on disposal of subsidiaries, associates and joint ventures	(1,228,802)	(258,855)
Impairment loss	876,641	2,048,198
Changes in operating assets and liabilities		
Decrease in financial instruments at fair value through profit or loss	487,532	372,957
Decrease (increase) in notes receivable	63,686	(22,441)
Decrease in notes receivable from related parties	237	43,585
Increase in accounts receivables	(1,951,806)	(4,866,765)
(Increase) decrease in accounts receivables from related parties	(22,138)	511,995
(Increase) decrease in other receivables	(426,585)	87,433
Increase in inventories	(2,680,415)	(2,335,314)
Increase in other assets, current	(2,484,125)	(8,220)
(Increase) decrease in other operating assets	(184,535)	409,907
Decrease in notes payable	(17,533)	(59,699)
Increase in notes payable from related parties	622	12,339
Increase (decrease) in accounts payables	2,138,019	(3,702,861)
Decrease in accounts payables from related parties	(43,676)	(366,024)
Decrease in amounts due to customers for construction contracts	-	(59,260)
Increase in other payables	332,709	6,651,961
Increase in other liabilities, current	35,525	787,657
Increase in accrued pension liabilities	5,645	2,010
Increase in other operating liabilities	101,139	532,888
Cash generated from operations	16,581,199	26,222,854
Interest paid	(1,232,036)	(1,856,204)
Income tax paid	(1,473,629)	(1,611,287)
Net cash generated from operating activities	13,875,534	22,755,363
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	(816,927)	(90,954)
Proceeds on sale of available-for-sale financial assets	150,440	4,493
Acquisition of debt investments with no active market	(1,528,296)	(361,170)
Proceeds on sale of debt investments with no active market	474,815	379,862

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POU CHEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
Acquisition of financial assets measured at cost	$ (179,748)	$ (323,293)
Proceeds on sale of financial assets measured at cost	8,977	102,635
Acquisition of associates and joint ventures	(2,133,590)	(15,483)
Proceeds from disposal of associates and joint ventures	1,136,696	603,184
Net cash inflow on disposal of subsidiaries	1,515,944	393,543
Net cash outflow on acquisition of subsidiaries	-	(3,192,231)
Acquisition of property, plant and equipment	(5,489,206)	(9,349,511)
Proceeds from disposal of property, plant and equipment	947,943	1,077,173
Proceeds from capital return of associates and joint ventures	871,144	-
Decrease in refundable deposits	16,025	15,033
Acquisition of intangible assets	(526)	(913)
Acquisition of investment properties	(363)	(770,666)
Proceeds from disposal of investment properties	-	1,463,418
Acquisition of long-term prepayments for lease	(223,034)	(208,623)
Proceeds from disposal of long-term prepayments for lease	60,887	268,720
Interest received	253,751	523,641
Dividend received from associates and joint ventures	1,727,899	1,768,908
Cash dividends from reduction of capital surplus from associates	106,601	486,007
Net cash used in investing activities	(3,100,568)	(7,226,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	977,644	-
Decrease in short-term borrowings	-	(3,310,343)
Decrease in short-term bills payable	(262,000)	(354,000)
Proceeds from long-term borrowings	-	451,882
Repayments of long-term borrowings	(4,750,218)	-
Cash dividends	(4,401,307)	(3,812,297)
Increase in guarantee deposits received	15,200	4,632
Execution of employee stock warrants	19,236	195,180
Change in noncontrolling interests	(783,763)	(7,582,890)
Net cash used in financing activities	(9,185,208)	(14,407,836)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(838,219)	2,434,583
NET INCREASE IN CASH AND CASH EQUIVALENTS	751,539	3,555,883
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	28,854,625	25,298,742
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 29,606,164	$ 28,854,625

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

(With Deloitte & Touche audit report dated March 28, 2014) (Concluded)

1. GENERAL INFORMATION

Pou Chen Corporation (the "Company") is located in Changhwa County, Taiwan, and currently has one factory and nine trade departments. The Company's business activities include manufacturing and sales of various kinds of shoes, and import and export of related products and materials. The Company also invests significantly in shoes and electronics industries to diversify its business operation. The Company invested in Yue Yuen Industrial (Holdings) Limited ("Yue Yuen") and other footwear - related companies through Wealthplus Holdings Limited. Yue Yuen and Pou Sheng International (Holdings) Limited ("Pou Sheng"), a subsidiary of Yue Yuen, are listed on Hong Kong Exchange and Clearing Limited.

In January 1990, the Company started to trade its stocks on the Taiwan Stock Exchange.

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

As at December 31, 2013 and 2012, there were 416,515 and 427,965 employees, respectively, in the Company and its subsidiaries (the "Group").

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 28, 2014.

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

a. Amended and revised standards and interpretations (the "New IFRSs") in issue but not yet effective

   The Group has not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the Republic of China ("ROC"). Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") included in the 2013 IFRSs version. Furthermore, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 “Embedded Derivatives”	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRIC 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

The New IFRSs Not Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 “Financial Instruments”	Note 3
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	Note 3
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

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

Note 3: IASB tentatively decided that an entity should apply IFRS 9 for annual periods beginning on or after January 1, 2018.

b. Significant impending changes in accounting policy that would result from adoption of New IFRSs in issue but not yet effective

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

1) IFRS 9 "Financial Instruments"

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

2) New and revised standards on consolidation, joint arrangement, and associates and disclosure

a) IFRS 10 "Consolidated Financial Statements"

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

b) IFRS 11 "Joint Arrangements"

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities - Non-Monetary Contributions by Ventures". Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Under IAS 31, joint arrangements are classified as jointly controlled entities, jointly controlled assets, and jointly controlled operations.

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

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

d) Revision to IAS 28 “Investments in Associates and Joint Ventures”

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

3) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

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

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

5) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

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

6) Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

c. The impact of the application of New IFRSs and the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the “Regulations”) in issue but not yet effective on the Group’s consolidated financial statements is as follows:

As of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and operating result, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (the "IFRSs") endorsed by the FSC.

The Group's consolidated financial statements for the year ended December 31, 2013 are its first IFRS consolidated financial statements. The date of transition to IFRSs was January 1, 2012. Refer to Note 44 for the impact of IFRS conversion on the Group's consolidated financial statements.

Statement of Compliance

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

Basis of Preparation

a. Yue Yuen and Pou Sheng originally had their accounting year from October 1 of the preceding year to September 30 of the year. On May 30, 2012, the board of directors resolved to change their accounting year to calendar year effective from 2012. Accordingly, Yue Yuen and Pou Sheng's financial year of 2012 covered a period of fifteen months, which were from October 1, 2011 to December 31, 2012.

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

   The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 44.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

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

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

The Group engages in the construction business, which has an operating cycle of over one year, the normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

Basis of Consolidation

a. Principles for preparing consolidated financial statement

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company.

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

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

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

<u>Attribution of total comprehensive income to noncontrolling interests</u>

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

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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

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

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment in available-for-sale financial assets or, when significant influence was able to exercise, the cost is regarded as the fair value on initial recognition of an investment in an associate or a jointly controlled entity.

b. Subsidiary included in consolidated financial statements

Name of Subsidiary	Location of Incorporation	Functional Currency of Incorporation	Ownership Percentage December 31, 2013	Ownership Percentage December 31, 2012	Ownership Percentage January 1, 2012
Wealthplus Holdings Limited	British Virgin Islands	U.S. dollars	100.00	100.00	100.00
Win Fortune Investments Limited	British Virgin Islands	U.S. dollars	100.00	100.00	100.00
Windsor Entertainment Co., Ltd.	ROC	New Taiwan dollars	100.00	100.00	100.00
Pou Shine Investments Co., Ltd.	ROC	New Taiwan dollars	100.00	100.00	100.00
Pan Asia Insurance Services Co., Ltd.	ROC	New Taiwan dollars	100.00	100.00	100.00
Pro Arch International Development Enterprise Inc.	ROC	New Taiwan dollars	100.00	100.00	99.99
Pou Yuen Technology Co., Ltd.	ROC	New Taiwan dollars	99.81	99.81	99.78
Barits Development Corporation	ROC	New Taiwan dollars	99.60	99.60	99.60
LNC Technology Co., Ltd.	ROC	New Taiwan dollars	-	77.00	76.96
Vistas Design Co., Ltd.	ROC	New Taiwan dollars	-	-	100.00
Ming Wang Investments Co., Ltd. (Note 1)	ROC	New Taiwan dollars	-	-	100.00
Yun Yang Investments Co., Ltd. (Note 1)	ROC	New Taiwan dollars	-	-	100.00
Proshine Healthcare Co., Ltd.	ROC	New Taiwan dollars	-	-	100.00
The Right and Great Asia-Pacific Realty Development Co., Ltd.	ROC	New Taiwan dollars	-	-	70.00

Note 1: Ming Wang Investments Co., Ltd. and Yun Yang Investments Co., Ltd. decided to merge with Pou Shine Investments Co., Ltd. The merger date was September 10, 2012.

Wealthplus Holdings Limited ("Wealthplus") invests in companies which are engaged in the design and sale of footwear and electronics peripheral products. The information of Wealthplus's major subsidiaries is as follows:

Name of Subsidiary	Location of Incorporation	Functional Currency of Incorporation	Ownership Percentage December 31, 2013	Ownership Percentage December 31, 2012	Ownership Percentage January 1, 2012
Yue Yuen Industrial (Holdings) Limited	Bermuda	U.S. dollars	48.93	48.93	48.93
Pou Sheng International (Holdings) Limited	Bermuda	U.S. dollars	29.98	30.24	27.43
Crown Master Investments Limited	British Virgin Islands	U.S. dollars	100.00	100.00	100.00
Tetor Ventures Ltd.	British Virgin Islands	U.S. dollars	100.00	100.00	100.00
Star Eagle Consultants Limited	British Virgin Islands	U.S. dollars	100.00	100.00	100.00
Pou Yu Biotechnology Co., Ltd.	ROC	New Taiwan dollars	69.44	69.44	69.39
Dong Guan Pou Yu Precision Ceramics Industrial Co., Ltd.	People's Republic of China ("PRC")	RMB	69.44	69.44	69.39

Win Fortune Investments Limited ("Win Fortune") invests in Yue Yuen (as at December 31, 2013, the ownership percentage was 1.05%).

Windsor Entertainment Co., Ltd. ("Windsor Entertainment") is primarily engaged in entertainment and resort operation.

Pou Shine Investments Co., Ltd. ("Pou Shine") is primarily engaged in investing activities.

Pan Asia Insurance Services Co., Ltd. ("Pan Asia Insurance Services") is primarily engaged in agency of property and casualty insurance.

Pro Arch International Development Enterprise Inc. ("Pro Arch International") is primarily engaged in land design business. The information of Pro Arch International's subsidiary is as follows:

Name of Subsidiary	Location of Incorporation	Functional Currency of Incorporation	Ownership Percentage December 31, 2013	December 31, 2012	January 1, 2012
Pro Arch Technology BVI Inc.	British Virgin Islands	U.S. dollars	100.00	100.00	100.00

Pou Yuen Technology Co., Ltd. ("Pou Yuen Technology") is primarily engaged in tooling design software and information technology software service. The information of Pou Yuen Technology's subsidiary is as follows:

Name of Subsidiary	Location of Incorporation	Functional Currency of Incorporation	Ownership Percentage December 31, 2013	December 31, 2012	January 1, 2012
Vantage Capital Investments Ltd	British Virgin Islands	U.S. dollars	100.00	100.00	100.00

Barits Development Corporation ("Barits Development") is primarily engaged in import and export of the shoe related materials and investing activities. The information of Barits Development's subsidiaries is as follows:

Name of Subsidiary	Location of Incorporation	Functional Currency of Incorporation	Ownership Percentage December 31, 2013	December 31, 2012	January 1, 2012
Song Ming Investments Co., Ltd.	ROC	New Taiwan dollars	100.00	100.00	100.00
Pou Chin Development Co., Ltd.	ROC	New Taiwan dollars	100.00	100.00	100.00
Yu Hong Development Co., Ltd.	ROC	New Taiwan dollars	100.00	100.00	-
Wang Yi Construction Co., Ltd.	ROC	New Taiwan dollars	89.75	89.75	89.75
Pou Yii Development Co., Ltd.	ROC	New Taiwan dollars	75.00	75.00	75.00
Top Score Investments Limited (Note 2)	British Virgin Islands	U.S. dollars	-	-	100.00
Ming Chi Investments Co., Ltd. (Note 3)	ROC	New Taiwan dollars	-	-	100.00
Ming Shun Investments Co., Ltd. (Note 3)	ROC	New Taiwan dollars	-	-	100.00

Note 2: Top Score Investments Limited had resolved to liquidate and dissolve on September 17, 2012.

Note 3: Ming Chi Investments Co., Ltd. and Ming Shun Investments Co., Ltd. decided to merge with Song Ming Investments Co., Ltd. The merger date was September 10, 2012.

LNC Technology Co., Ltd. ("LNC Technology") is primarily engaged in manufacturing and sale of precision instruments and computer numerical controlled machine.

On August 30, 2013, the Company had decided to sell the 77% ownership of LNC Technology, which amounted to 38,498 thousand shares, to non-related parties. The deal was made at $14.72 per share; the total amount was $566,665 thousand; after deducting $1,700 thousand of income tax, profit of $178,531 thousand was recognized as gain on disposal of investments. The Company lost the controlling power over LNC Technology after the transaction. Therefore, LNC Technology was no longer included as a consolidated entity in the consolidated financial statements since August 31, 2013. However, profit of LNC Technology during the period from January 1, 2013 to August 30, 2013, are still included in the consolidated financial statements.

Vistas Design Co., Ltd. ("Vistas Design") was primarily engaged in interior decorating and design services. In April 2012, Vistas Design's board of directors resolved the liquidation of Vistas Design. Vistas Design compiled of liquidation in September 2012.

Ming Wang Investments Co., Ltd. was primarily engaged in investing activities. On September 10, 2012, Ming Wang's board of directors decided to merge Ming Wang with Pou Shine and Yun Yang.

Yun Yang Investments Co., Ltd. was primarily engaged in investing activities. On September 10, 2012, Yun Yang's board of directors decided to merge Yun Yang with Pou Shine and Ming Wang.

Proshine Healthcare Co., Ltd. ("Proshine Healthcare") was primarily engaged in the rental and sale of medical devices. In August 2012, Proshine Healthcare's board of directors resolved the liquidation of Proshine Healthcare. Proshine Healthcare completed the liquidation in December 2012.

The Right and Great Asia-Pacific Realty Development Co., Ltd. ("Right and Great Asia-Pacific") was primarily engaged in real estate development and investing activities. In August 2012, Right and Great Asia-Pacific resolved to liquidate and dissolve. Right and Great Asia-Pacific completed the liquidation in December 2012.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

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

Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation, which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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

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

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

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

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to noncontrolling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

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

Investments in real estate, and land and buildings for development are measured initially at cost or related development costs. Cost includes borrowing costs capitalized before the assets are ready for development.

Investments Accounted for by the Equity Method

Investments accounted for by the equity method include investment in an associate and investment in joint venture.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

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

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

When the Group's share of losses of an associate or joint venture equals or exceeds its interest in that associate or joint venture (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

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

At the date on which the Group ceases to have significant influence over the associate or joint venture, any retained investment is measured at fair value. The difference between the previous carrying amount of the associate or joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate or joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

Property, Plant and Equipment

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

Cost includes borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Goodwill

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

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

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Internally-generated intangible assets - research and development expenditure

   Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the development phase of an internal project is recognized in accordance with the IAS 38 "Intangible Assets". Subsequent to initial recognition, it is measured at cost less accumulated amortization and accumulated impairment loss.

c. Intangible assets acquired in a business combination

   Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment.

d. Derecognition of intangible assets

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

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Noncurrent Assets Held for Sale

Noncurrent assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the noncurrent asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a noncontrolling interest in its former subsidiary after the sale.

Noncurrent assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

Financial Instruments

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

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

Financial assets

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

a. Measurement category

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

1) Financial assets at fair value through profit or loss

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

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

2) Available-for-sale financial assets

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

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

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

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

3) Loans and receivables

Loans and receivables (including accounts receivable, cash and cash equivalent, debt investments with no active market, and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

b. Impairment of financial assets

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

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible accounts receivable that are written off against the allowance account.

c. Derecognition of financial assets

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

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

Equity instruments

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

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

Financial liabilities

a. Measurement category

Except for financial liabilities at fair value through profit or loss, the financial liabilities are measured at amortized cost using the effective interest method.

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

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

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

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

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

Hedge Accounting

The Group designates certain hedging instruments as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When the forecast transaction is ultimately recognized in profit or loss, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss or are included in the initial cost of the non-financial asset or non-financial liability. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns.

a. Sale of goods

Sales of goods are recognized when goods are delivered and title has passed.

b. Rendering of services

Service income is recognized when services are provided. Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

c. Dividend and interest income

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

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

Construction Contracts

Revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as “amounts due from customers for contract work”. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as the “amounts due to customers for contract work”.

Leasing

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

a. The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

b. The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Retirement Benefit Costs

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

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

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets.

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

Share-based Payment Arrangements

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

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

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

Taxation

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

a. Current tax

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

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

b. Deferred tax

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

c. Current and deferred tax for the year

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies (refer to Note 4), management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

a. Impairment of goodwill

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

b. Income taxes

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

c. Estimated impairment of accounts receivable

When there is objective evidence of impairment loss, 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.

d. Fair value of financial instruments

Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. The estimation of fair value of unlisted equity instruments was based on the analysis in relation to the financial position and the operation results of investees. The Group's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

e. Useful lives of property, plant and impairment

The Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date. The impairment of equipment was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

f. Write-down of inventory

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

g. Impairment of investment in associate

The Group immediately recognizes impairment loss on its net investment in associate when there is any indication that the investment may be impaired and the carrying amount may not be recoverable. The Group's management evaluates the impairment based on the estimated future cash flow expected to be generated by the associate. The Group also takes into consideration the market conditions and industry development to evaluate the appropriateness of assumptions.

h. Recognition and measurement of defined benefit plans

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

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 50,669	$ 55,398	$ 59,197
Checking accounts and demand deposits	20,318,118	19,811,488	17,050,575
Cash equivalent			
Time deposits with original maturities less than three months	9,230,050	7,831,022	8,008,404
Repurchase agreements collateralized by bonds	7,327	1,156,717	66,883
	$ 29,606,164	$ 28,854,625	$ 25,185,059

The market rate intervals of cash in bank, time deposits with original maturities less than three months and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Bank balance	0.01%-2.00%	0.01%-3.75%	0.01%-3.30%
Time deposits with original maturities less than three months	0.88%-8.00%	0.27%-1.10%	0.48%-1.12%
Repurchase agreement collateralized by bonds	0.70%	0.79%-2.10%	0.70%-1.25%

Cash and cash equivalents at the end of reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Cash and cash equivalents balances	$ 29,606,164	$ 28,854,625	$ 25,185,059
Cash and bank balances included in a disposal group held for sale	-	-	113,683
	$ 29,606,164	$ 28,854,625	$ 25,298,742

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets design at FVTPL			
Structured deposit (a)	$ 375,703	$ -	$ -
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
JV Call Option (b)	-	-	677,040
Derivative embedded in Convertible Note (c)	-	27,177	-
Forward exchange contracts (d)	183,042	90,051	6,804
Exchange rate option contracts (e)	223,020	33,901	-
Exchange rate swap contracts (f)	13,523	-	-
Non-derivative financial assets			
Open-ended mutual funds	146,738	414,196	548,987
Foreign mutual funds	-	80,134	158,756
	$ 942,026	$ 645,459	$ 1,391,587
Current	$ 630,225	$ 618,282	$ 714,547
Noncurrent	311,801	27,177	677,040
	$ 942,026	$ 645,459	$ 1,391,587

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Forward exchange contracts (d)	$ -	$ 3,177	$ 404,780
Exchange rate option contracts (e)	2,798	9,566	27,309
Interest rate swap contracts (g)	17,632	26,240	16,490
Cross-currency swap contracts (h)	-	2,569	-
	$ 20,430	$ 41,552	$ 448,579
Current	$ 20,430	$ 41,552	$ 448,579

(Concluded)

a. Wealthplus entered into a 5-year USD structured time deposit contract with a bank in January 2013. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract, recorded under “financial assets at FVTPL, noncurrent”.

Pou Sheng entered into a 5-year RMB structured time deposit contract with a bank in December 2013. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The RMB structured time deposit contract can be readily cancelled, and was recorded under “financial assets at FVTPL, current”.

b. In October 2007, Pou Sheng entered into call option (the “JV Call Option”) agreements with the stockholders (the “Relevant Partners”) of certain associates, jointly controlled entities and subsidiaries (the “Relevant Companies”), in return for a premium to each of the Relevant Partners (the “Option Premium”). Pou Sheng has the right but not the obligation exercisable at its discretion to acquire from each of the Relevant Partners their respective equity interests, in the Relevant Companies.

1) Term: Five years, from December 6, 2008 to December 6, 2013. The JV Call Option is exercisable within five years commencing from the expiry of the first six months after the dealing of the shares of Pou Sheng on the Hong Kong Exchange and Clearing Limited had commenced.

2) The option premium: The option premium was determined based on the actual profit of the Relevant Companies attributable to the Relevant Partners during the pre-determined evaluation periods and the price earnings ratio of Pou Sheng during a specified period.

3) Settlement: The option premium was settled by the issue of shares of Pou Sheng and the number of shares issued was determined with reference to the offering price of Pou Sheng’s shares on the Hong Kong Exchange and Clearing Limited.

Each of the Relevant Partners has agreed not to transfer or sell the Relevant Equity Interests during the Call Options exercisable period without Pou Sheng’s prior written consent.

In 2012, Pou Sheng exercised part of the JV Call Option to acquire the ownership of Hebei Zhanxin.

The fair value changes of the JV Call Options were mainly attributable to the expectation of the management that the remaining unexercised JV Call Options would not be exercised to acquire the Relevant Company as at December 31, 2012. The valuation of the JV Call Options at December 31, 2012, was considered to be zero.

The remaining unexercised JV Call Options expired on December 6, 2013.

c. On April 27, 2012, Yue Yuen received a convertible note ("Convertible Note") with principal amount of US$4,600 thousand issued by Luen Thai Holdings Limited ("Luen Thai") as a consideration for disposal of 50% equity interest in Yuen Thai Industrial Company Limited. The Convertible Note carries interest at 6.5% per annum with maturity on May 30, 2014, at redemption amount of 100% of the principal amount together with interest accrued as at the redemption date.

   The Convertible Note is convertible at the option of the holders into ordinary shares of Luen Thai at HK$1.2 each from the issue date up to the maturity date. The derivative component of the Convertible Note was recorded under "financial assets at fair value through profit or loss, noncurrent". Yue Yuen exercised the options, and the Convertible Note was converted into 29,747 thousand shares of Luen Thai in April and July 2013.

d. At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

   December 31, 2013

Aggregate Notional Amount	**Forward Exchange Rates**
HK$ 530,000,000	Sell HK/buy US at 7.7502
US$ 132,000,000	Sell US/buy RMB at 6.2348 to 6.3680

   December 31, 2012

Aggregate Notional Amount	**Forward Exchange Rates**
HK$ 530,000,000	Sell HK/buy US at 7.7476 to 7.750
US$ 91,000,000	Sell US/buy RMB at 6.2750 to 6.5000
US$ 12,189,456	Sell RMB/buy US at 6.3035 to 6.3632
US$ 25,000,000	Sell US/buy VND at 20,914 to 21,025

   January 1, 2012

Aggregate Notional Amount	**Forward Exchange Rates**
US$ 11,000,000	Sell US/buy RMB at 6.5104 to 6.5454
US$ 2,150,783	Sell RMB/buy US at 6.3980 to 6.4096

   The Group entered into forward exchange contracts during 2013 and 2012 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

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

December 31, 2013

Item	Type	Buy/Sale	Premium Amount	Contract Amount	Fair Value
Exchange rate option contracts	Put	Sell	$ -	US$ 5,000,000	$ 728
"	Put	Sell	-	10,000,000	1,463
"	Put	Sell	-	10,000,000	1,462
"	Put	Sell	-	75,000,000	5,888
"	Put	Sell	-	28,000,000	7,627
"	Put	Sell	-	14,000,000	3,571
"	Put	Sell	-	28,000,000	7,803
"	Put	Sell	-	42,000,000	-
"	Put	Sell	-	72,000,000	25,648
"	Put	Sell	-	72,000,000	29,763
"	Put	Sell	-	72,000,000	31,847
"	Put	Sell	-	152,000,000	20,947
"	Put	Sell	-	136,000,000	21,489
"	Put	Sell	-	112,000,000	15,708
"	Put	Sell	-	110,000,000	18,035
"	Put	Sell	-	88,000,000	6,185
"	Put	Sell	-	128,000,000	8,465
"	Put	Sell	-	66,000,000	5,371
"	Put	Sell	-	44,000,000	530
"	Put	Sell	-	80,000,000	1,905
"	Put	Sell	-	80,000,000	8,585
"	Put	Sell	2,701	35,000,000	(21)
"	Put	Sell	3,553	10,000,000	(2,586)
"	Put	Sell	1,431	14,000,000	(2)
"	Put	Sell	2,487	24,000,000	(3)
"	Put	Sell	1,949	12,000,000	(122)
"	Put	Sell	1,382	12,000,000	(64)
					$ 220,222

December 31, 2012

Item	Type	Buy/Sale	Premium Amount	Contract Amount	Fair Value
Exchange rate option contracts	Put	Sell	$ -	US$ 120,000,000	$ 14,077
"	Put	Sell	-	120,000,000	3,317
"	Put	Sell	-	24,000,000	1,673
"	Put	Sell	-	48,000,000	2,824
"	Put	Sell	-	48,000,000	3,240
"	Put	Sell	-	63,000,000	8,770
"	Put	Sell	799	20,000,000	(479)
"	Put	Sell	558	8,000,000	(318)
"	Put	Sell	7,081	120,000,000	(952)
"	Put	Sell	3,949	48,000,000	(1,221)

(Continued)

Item	Type	Buy/Sale	Premium Amount	Contract Amount	Fair Value
Exchange rate option contracts	Put	Sell	$ 5,628	US$ 72,000,000	$ (1,196)
"	Put	Sell	9,511	120,000,000	(2,541)
"	Put	Sell	6,026	72,000,000	(1,926)
"	Put	Sell	2,009	24,000,000	(508)
"	Put	Sell	2,009	24,000,000	(425)
					$ 24,335

(Concluded)

January 1, 2012

Item	Type	Buy/Sale	Premium Amount	Contract Amount	Fair Value
Exchange rate option contracts	Put	Sell	$ -	US$ 115,000,000	$ 1,652
"	Put	Sell	1,974	9,000,000	(508)
"	Put	Sell	1,974	9,000,000	(508)
"	Put	Sell	-	120,000,000	(27,945)
					$ (27,309)

The Group entered into exchange rate option contracts during 2013 and 2012 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

f. At the end of the reporting period, outstanding exchange rate swap contracts not under hedge accounting were as follows:

Bank	Principal	Maturity Date	Contracted Rate	Fair Value
ANZ Bank	US$ 20,000,000	2014.02.25	29.226	$ 10,050
DBS Bank	5,000,000	2014.01.06	29.510	1,410
DBS Bank	7,000,000	2014.01.28	29.481	2,063
				$ 13,523

The Group entered into exchange rate swap contracts during 2013 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

g. At the end of the reporting period, outstanding interest rate swap contracts not under hedge accounting were as follows:

December 31, 2013

Bank	Item	Principal	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
Chinatrust Commercial Bank	Interest rate swap contracts	$ 375,000	2014.12.02	1.135	0.863	$ (731)
Chinatrust Commercial Bank	"	250,000	2014.12.02	0.935	0.863	(113)
Chinatrust Commercial Bank	"	600,000	2018.06.01	1.310	-	(348)
Citibank	"	375,000	2014.12.02	1.135	0.863	(753)

(Continued)

Bank	Item	Principal	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
Citibank	Interest rate swap contracts	$ 250,000	2014.12.02	0.843	0.863	$ 44
Citibank	"	500,000	2018.06.01	1.340	-	(738)
Taipei Fubon Bank	"	250,000	2014.12.02	1.140	0.863	(496)
Taipei Fubon Bank	"	875,000	2016.09.29	1.066	0.883	(1,368)
Taipei Fubon Bank	"	700,000	2016.09.29	1.180	0.883	(2,766)
Taipei Fubon Bank	"	500,000	2016.09.29	0.967	0.883	255
Taipei Fubon Bank	"	700,000	2016.09.29	0.990	0.883	16
Taipei Fubon Bank	"	900,000	2018.06.01	1.310	-	(519)
Taipei Fubon Bank	"	500,000	2018.06.01	1.278	-	140
Taipei Fubon Bank	"	300,000	2018.06.01	1.265	-	188
E.SUN Bank	"	250,000	2014.12.02	1.140	0.863	(431)
E.SUN Bank	"	700,000	2016.09.29	1.183	0.883	(2,862)
E.SUN Bank	"	700,000	2016.09.29	0.990	0.883	(31)
E.SUN Bank	"	500,000	2018.06.01	1.290	-	(157)
SinoPac Bank	"	875,000	2016.09.29	1.066	0.883	(1,400)
SinoPac Bank	"	700,000	2016.09.29	1.183	0.883	(2,826)
SinoPac Bank	"	600,000	2016.09.29	0.990	0.883	(9)
Ta Chong Bank	"	700,000	2016.09.29	1.183	0.883	(2,822)
ANZ Bank	"	500,000	2018.06.01	1.280	-	(9)
ANZ Bank	"	200,000	2018.06.01	1.260	-	104
		$ 12,800,000				$ (17,632)

(Concluded)

December 31, 2012

Bank	Item	Principal	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
Chinatrust Commercial Bank	Interest rate swap contracts	$ 750,000	2014.12.02	1.135	0.887	$ (2,108)
Chinatrust Commercial Bank	"	500,000	2014.12.02	0.935	0.887	(166)
Citibank	"	750,000	2014.12.02	1.135	0.887	(2,073)
Citibank	"	500,000	2014.12.02	0.843	0.887	427
Taipei Fubon Bank	"	500,000	2014.12.02	1.140	0.887	(1,420)
Taipei Fubon Bank	"	875,000	2016.09.29	1.066	-	(2,033)
Taipei Fubon Bank	"	700,000	2016.09.29	1.180	-	(3,482)
Taipei Fubon Bank	"	500,000	2016.09.29	0.967	-	(11)
E.SUN Bank	"	500,000	2014.12.02	1.140	0.887	(1,348)
E.SUN Bank	"	700,000	2016.09.29	1.183	-	(3,869)
SinoPac Bank	"	875,000	2016.09.29	1.066	-	(2,436)
SinoPac Bank	"	700,000	2016.09.29	1.183	-	(3,847)
Ta Chong Bank	"	700,000	2016.09.29	1.183	-	(3,874)
		$ 8,550,000				$ (26,240)

January 1, 2012

Bank	Item	Principal	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
Chinatrust Commercial Bank	Interest rate swap contracts	$ 750,000	2014.12.02	1.135	0.861	$ (4,705)
Chinatrust Commercial Bank	"	500,000	2014.12.02	0.935	0.861	(906)
Citibank	"	750,000	2014.12.02	1.135	0.861	(4,680)
Citibank	"	500,000	2014.12.02	0.843	0.839	109
Taipei Fubon Bank	"	500,000	2014.12.02	1.140	0.861	(3,164)
E.SUN Bank	"	500,000	2014.12.02	1.140	0.861	(3,144)
		$ 3,500,000				$ (16,490)

The Group entered into interest rate swap contracts during 2013 and 2012 to manage exposures to interest rate fluctuations. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

h. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

Name	Principal	Maturity Date	Forward Rate	Forward Interest %	Fair Value
ANZ Bank	US$3,000,000	2013.06.17	29.93	0.35	$ (2,569)

The Group entered into cross-currency swap contracts during 2013 to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic investments			
Listed shares	$ 13,820,265	$ 11,622,017	$ 10,437,074
Foreign investments			
Listed shares	875,278	887,469	768,970
Listed corporate bonds (Note 7)	-	125,511	-
	875,278	1,012,980	768,970
	$ 14,695,543	$ 12,634,997	$ 11,206,044
Current	$ 14,250,585	$ 12,119,802	$ 10,745,285
Noncurrent	444,958	515,195	460,759
	$ 14,695,543	$ 12,634,997	$ 11,206,044

9. FINANCIAL ASSETS MEASURED AT COST

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic investments			
Unlisted shares	$ 62,225	$ 62,225	$ 62,225
Foreign investments			
Unlisted shares	280,692	287,911	299,336
Mutual funds	538,438	499,953	488,958
	819,130	787,864	788,294
	$ 881,355	$ 850,089	$ 850,519

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Current	$ 4,950	$ -	$ 28,399
Noncurrent	876,405	850,089	822,120
	$ 881,355	$ 850,089	$ 850,519
Classified according to financial asset measurement categories			
Available-for-sale financial assets	$ 881,355	$ 850,089	$ 850,519

(Concluded)

a. Management believed that the above investments held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

b. The Group recognized an impairment loss of $129,236 thousand and $188,517 thousand on the investment of Prodigy Strategic Investment Fund XXII segregated portfolio during 2013 and 2012, respectively.

c. The Group had recorded impairment loss equal to the investment cost for Ryco Investment Ltd., Huan Shey Co., Ltd. and DTE Technologies Corp., respectively. In addition, DTE Technologies Corp. resolved to liquidate and dissolve on November 25, 2013.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31, 2013	December 31, 2012	January 1, 2012
Time deposits with original maturity more than three months	$ 1,556,437	$ 517,641	$ 91,867
Other	40,549	25,864	470,330
	$ 1,596,986	$ 543,505	$ 562,197
Current	$ 1,556,437	$ 517,641	$ 156,471
Noncurrent	40,549	25,864	405,726
	$ 1,596,986	$ 543,505	$ 562,197

The market rates intervals of the debt investments with no active market were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Time deposits with original maturities more than three months	0.75%-3.50%	0.95%-4.59%	1.08%-3.50%

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable			
Notes receivable - operating	$ 15,573	$ 79,903	$ 96,776
Notes receivable - nonoperating	973	566	4,837
Less: Allowance for doubtful accounts	-	-	-
	$ 16,546	$ 80,469	$ 101,613
Accounts receivable			
Accounts receivable	$ 31,089,853	$ 29,396,978	$ 24,879,182
Less: Allowance for doubtful accounts	(915,610)	(1,196,679)	(1,033,653)
	$ 30,174,243	$ 28,200,299	$ 23,845,529
Other receivables			
Tax refund receivables	$ 696,636	$ 784,010	$ 876,919
Other	3,527,211	3,014,483	3,805,351
Less: Allowance for doubtful accounts	(43,383)	(42,294)	(800,269)
	$ 4,180,464	$ 3,756,199	$ 3,882,001

In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss was recognized based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties.

a. Notes receivable

The notes receivable balances at December 31, 2013, December 31, 2012 and January 1, 2012 were not past due.

b. Accounts receivable

1) The ages of the accounts receivable as at December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

December 31, 2013

	Not Past Due and Not Impaired	Not Past Due but Impaired	Past Due but Not Impaired	Past Due and Impaired	Total
Less than 30 days	$ 21,768,448	$ -	$ -	$ -	$ 21,768,448
31-90 days	7,139,947	-	1,023,265	119	8,163,331
More than 91 days	-	-	242,583	915,491	1,158,074
	$ 28,908,395	$ -	$ 1,265,848	$ 915,610	$ 31,089,853

December 31, 2012

	Not Past Due and Not Impaired	Not Past Due but Impaired	Past Due but Not Impaired	Past Due and Impaired	Total
Less than 30 days	$ 20,349,542	$ -	$ -	$ -	$ 20,349,542
31-90 days	6,615,250	-	1,235,507	14,810	7,865,567
More than 91 days	-	-	-	1,181,869	1,181,869
	$ 26,964,792	$ -	$ 1,235,507	$ 1,196,679	$ 29,396,978

January 1, 2012

	Not Past Due and Not Impaired	Not Past Due but Impaired	Past Due but Not Impaired	Past Due and Impaired	Total
Less than 30 days	$ 18,375,514	$ -	$ -	$ -	$ 18,375,514
31-90 days	4,743,465	-	723,300	2,876	5,469,641
More than 91 days	-	-	3,250	1,030,777	1,034,027
	$ 23,118,979	$ -	$ 726,550	$ 1,033,653	$ 24,879,182

The above aging schedule was based on the invoice date.

2) Movements in the allowance for impairment loss recognized on accounts receivable were as follows:

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ 1,196,679	$ 1,033,653
Add: (Reversal) impairment losses	(298,373)	185,069
Add: Effect of exchange rate changes	17,304	(22,043)
Balance at December 31	$ 915,610	$ 1,196,679

12. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Inventories - manufacturing	$ 37,071,053	$ 35,347,506	$ 33,294,122
Inventories - construction	4,011,453	3,054,585	2,772,655
	$ 41,082,506	$ 38,402,091	$ 36,066,777

a. Inventories - manufacturing at the end of the reporting period consisted of the following:

	December 31, 2013	December 31, 2012	January 1, 2012
Raw materials	$ 6,602,285	$ 7,834,668	$ 10,429,147
Work in progress	4,615,801	4,540,771	4,769,579
Finished goods and merchandise	25,852,967	22,972,067	18,095,396
	$ 37,071,053	$ 35,347,506	$ 33,294,122

1) The cost of inventories - manufacturing recognized as cost of goods sold for the years ended December 31, 2013 and 2012 was $176,110,299 thousand and $209,283,440 thousand, respectively.

2) The cost of manufacturing inventories recognized as cost of goods sold for the years ended December 31, 2013 and 2012 included inventory write-downs of $169,177 thousand and $135,057 thousand, respectively.

b. Inventories - construction at the end of the reporting period consisted of the following:

	December 31, 2013	December 31, 2012	January 1, 2012
Land and buildings for development	$ 3,835,874	$ 2,871,131	$ 2,581,727
Land, buildings and improvements for sale	55,779	56,796	64,270
Construction site	119,800	126,658	126,658
	$ 4,011,453	$ 3,054,585	$ 2,772,655

1) The cost of inventories - construction recognized as cost of goods sold for the years ended December 31, 2013 and 2012 was $26,338 thousand and $1,545,044 thousand, respectively.

2) The cost of construction inventories recognized as cost of goods sold for the years ended December 31, 2013 and 2012 included inventory write-downs of $12,525 thousand and $220 thousand, respectively.

13. REPAYMENTS FOR LEASE

	December 31, 2013	December 31, 2012	January 1, 2012
PRC	$ 3,322,113	$ 3,843,715	$ 4,152,431
Indonesia	925,952	914,237	953,148
Vietnam	1,139,058	1,073,957	1,173,277
USA	-	313,650	376,576
	$ 5,387,123	$ 6,145,559	$ 6,655,432
Current	$ 151,409	$ 157,629	$ 163,576
Noncurrent	5,235,714	5,987,930	6,491,856
	$ 5,387,123	$ 6,145,559	$ 6,655,432

14. NONCURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	December 31, 2013	December 31, 2012	January 1, 2012
Assets associated with noncurrent assets classified as held for sale			
Cash and cash equivalents	$ -	$ -	$ 113,683
Investments accounted for using equity method	-	48,613	-

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Property, plant and equipment	$ -	$ -	$ 2,823,265
Prepaid expense	-	-	109,746
Prepayments for lease	-	-	123,855
	$ -	$ 48,613	$ 3,170,549
Liabilities directly associated with noncurrent assets classified as held for sale			
Bank borrowings	$ -	$ -	$ 454,125
Accrued expense and other payable	-	-	712,976
	$ -	$ -	$ 1,167,101

(Concluded)

a. Yue Yuen and Pou Sheng had decided to sell associates, prepayments for lease, and property, plant and equipment in the amounts of $665,263 thousand (US$21,974 thousand), $123,855 thousand (US$4,091 thousand) and $1,214,330 thousand (US$40,110 thousand), respectively on January 1, 2012. The Group had reclassified the associated assets and liabilities to “noncurrent assets classified as held for sale” and “noncurrent liabilities classified as held for sale”.

   The Group had decided to sell the associate in 2012 in the amount of $505,742 thousand (US$16,968 thousand) and profit of $170,877 thousand (US$5,761 thousand) was recognized as gain on disposal of investments (refer to Note 34).

b. In 2012, Pou Sheng decided to sell the 49% ownership of Suzhou Xinjun Trading Development Company Limited. At December 31, 2012, Pou Sheng had reclassified the investment in the amount of $48,613 thousand (US$1,674 thousand) to “noncurrent assets classified as held for sale”.

15. OTHER ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Prepayments	$ 8,503,618	$ 5,825,857	$ 6,908,316
Refundable deposits	146,051	162,076	177,109
Prepaid pension cost (Note 26)	108,875	109,674	79,657
Prepayments for equipment	361,039	339,710	460,172
Others	1,836,766	1,866,397	1,095,180
	$ 10,956,349	$ 8,303,714	$ 8,720,434
Current	$ 9,592,557	$ 7,108,432	$ 7,100,212
Noncurrent	1,363,792	1,195,282	1,620,222
	$ 10,956,349	$ 8,303,714	$ 8,720,434

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31, 2013	December 31, 2012	January 1, 2012
Investments in associates	$ 21,079,930	$ 25,809,685	$ 26,424,829
Investments in jointly controlled entities	$ 13,742,334	$ 14,029,788	$ 14,388,309

a. Investments in associates

	December 31, 2013	December 31, 2012	January 1, 2012
Foreign listed companies	$ 3,050,469	$ 2,626,957	$ 2,563,365
Domestic listed companies	7,703,025	7,605,831	8,996,408
Unlisted companies	10,326,436	15,576,897	14,865,056
	$ 21,079,930	$ 25,809,685	$ 26,424,829

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

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
Luen Thai Holdings Ltd.	9.74%	8.93%	8.98%
Eagle Nice (International) Holdings Limited	38.42%	38.42%	38.42%
Evermore Chemical Industry Co., Ltd.	28.19%	21.09%	20.75%
San Fang Chemical Industry Co., Ltd.	44.72%	44.72%	44.72%
Elitegroup Computer Systems Co., Ltd.	19.38%	19.38%	19.38%
Ace Top Group Limited	40.00%	40.00%	40.00%
Bigfoot Limited	48.76%	48.76%	48.76%
Enthroned Group Limited	48.76%	48.76%	48.76%
Faith Year Investments Ltd.	30.00%	30.00%	30.00%
Full Pearl International Ltd.	40.04%	40.04%	40.04%
Haicheng Information Technology Co., Ltd.	50.00%	50.00%	50.00%
Intelligent Plus Limited	-	45.90%	45.90%
Just Lucky Investments Limited	38.30%	38.30%	38.30%
Keen Idea Group Limited	-	40.00%	40.00%
Kleine Developments Ltd.	33.33%	33.33%	33.33%
Liberty Bell Investments Limited	-	49.00%	49.00%
Mega Atlas International Limited	-	-	40.00%
Natural Options Limited	38.30%	38.30%	38.30%
Oftenrich Holdings Limited	45.00%	45.00%	45.00%
Original Designs Developments Limited	49.47%	49.47%	49.47%
Pine Wood Industries Limited	37.00%	37.00%	37.00%
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00%	-	-
Prosperlink Limited	38.00%	38.00%	38.00%

(Continued)

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
Prosperous Industrial (Holdings) Ltd.	30.00%	30.00%	30.00%
Rise Bloom International Limited	47.00%	47.00%	47.00%
Shaanxi Wuhuan Shengdao Sports Production Development Company Limited	-	-	40.00%
Silver Island Trading Ltd.	50.00%	50.00%	50.00%
Supplyline Logistics Ltd.	49.00%	49.00%	49.00%
Talent Pool Management Ltd.	30.00%	30.00%	30.00%
Venture Well Holdings Ltd.	31.55%	31.55%	31.55%
Zhejiang Baohong Sports Goods Company Limited	49.00%	49.00%	49.00%
Zhuhai Poulik Properties Management Co., Ltd.	40.00%	40.00%	40.00%
Nan Pao Resins Chemical Co., Ltd.	21.32%	22.15%	22.15%
Techview International Technology Inc.	50.00%	50.00%	50.00%
Ruen Chen Investment Holding Co., Ltd.	20.00%	20.00%	20.00%

(Concluded)

2) The Group is able to exercise significant influence over Luen Thai Holdings Ltd. because the Group has the power to appoint the management team of Luen Thai Holdings Ltd. since September 2007.

3) The Group holds less than 20% interest of Elite Computer Systems Co., Ltd. but the Group has the power to appoint three out of the nine directors of Elite Computer Systems Co., Ltd.; therefore, the Group is able to exercise significant influence over Elite Computer Systems Co., Ltd.

4) Based on the result of the assessment, the Group recognized an impairment loss of $983,053 thousand on the investment in Elitegroup Computer Systems Co., Ltd. during 2012.

5) The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2013 and 2012 were based on the associates' financial statements audited by auditors for the same years.

6) In September 2013, Ruen Chen issued additional capital stock of 1,000,000 thousand shares, at $10 per share, of which 200,000 thousand shares in the amount of $2,000,000 thousand, were subscribed by the Group in proportion to the percentage of ownership.

7) Fair values of investments in associates for which there are published price quotation are summarized as follows (based on the closing price of those investments at the balance sheet date):

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
Luen Thai Holdings Ltd.	$ 1,053,339	$ 390,614	$ 190,972
Eagle Nice (International) Holdings Limited	$ 952,031	$ 1,187,050	$ 1,129,818
Evermore Chemical Industry Co., Ltd.	$ 361,266	$ 247,830	$ 211,042
San Fang Chemical Industry Co., Ltd.	$ 5,105,835	$ 3,769,946	$ 3,360,885
Elitegroup Computer Systems Co., Ltd.	$ 2,423,387	$ 2,060,944	$ 1,455,730

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

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 2,591,289,231	$ 2,334,401,232	$ 2,051,301,089
Total liabilities	$(2,501,304,085)	$(2,106,113,962)	$(1,942,207,365)

	For the Year Ended December 31	
	2013	2012
Revenue	$ 645,145,159	$ 660,073,355
Net income	$ 24,415,898	$ 18,660,155
Other comprehensive income	$ (56,593,206)	$ (4,450,454)
Share of profit of associates	$ 4,792,798	$ 3,311,221

b. Investments in joint venture

	December 31, 2013	December 31, 2012	January 1, 2012
Unlisted companies	$ 13,742,334	$ 14,029,788	$ 14,388,309

1) At the end of the reporting period, the proportion of ownership and voting rights in joint venture held by the Group were as follows:

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
Artesol Limited	50.00%	-	-
Beijing Baojing Kangtai Trading Co., Ltd.	50.00%	50.00%	50.00%
Best Focus Holdings Ltd.	50.00%	50.00%	50.00%
Blessland Enterprises Limited	50.00%	50.00%	50.00%
China Ocean Resources Limited	-	50.00%	50.00%
Cohen Enterprises Inc.	50.00%	50.00%	50.00%
Coprospects Holdings Ltd.	-	50.00%	50.00%
Din Tsun Holding Co., Ltd.	50.00%	50.00%	50.00%
Fuzhou Fubao Paper Packaging Co., Ltd.	-	-	50.00%
Good Assets Management Limited	-	-	50.00%
Great Skill Industrial Limited	50.00%	50.00%	50.00%
Guiyang Baoshang Sports Goods Company Limited	50.00%	50.00%	50.00%
Hangzhou Baohong Sports Goods Company Limited	50.00%	50.00%	50.00%
Hebei Zhanxin Sports Development Company Limited	-	-	45.00%
Hefei Tengrei Sports Goods Company Limited	50.00%	50.00%	50.00%
High Style Investments Limited	50.00%	50.00%	50.00%
Hua Jian Industrial Holding Co., Limited	50.00%	50.00%	50.00%
I-Tech Enterprises Ltd.	-	-	50.00%
Jilin Lingpao Sports Goods Company Limited	50.00%	50.00%	50.00%

(Continued)

Name of Associate	December 31, 2013	December 31, 2012	January 1, 2012
Jilin Xinfangwei Sports Goods Company Limited	50.00%	50.00%	50.00%
Jumbo Power Enterprises Limited	50.00%	50.00%	50.00%
Ka Yuen Rubber Factory Limited	50.00%	50.00%	50.00%
Most Honour International Limited	50.00%	50.00%	50.00%
Partner Alliance Limited	-	-	50.00%
Poulik Properties Management Co., Ltd.	30.00%	30.00%	30.00%
Precise Zone Investments Limited	47.65%	47.65%	47.65%
Pygf Co., Ltd.	50.00%	50.00%	50.00%
Rising Developments Ltd.	-	50.00%	50.00%
Shaanxi Jixian Longyue Sports Goods Company Limited	50.00%	50.00%	50.00%
Smart Shine Industries Limited	50.00%	50.00%	50.00%
Suzhou Xinjun Trading Development Company Limited	-	-	49.00%
Texas Clothing Holdings Corp.	49.99%	49.99%	49.71%
Topmost Industries Limited	50.00%	50.00%	50.00%
Twinways Investments Limited	50.00%	50.00%	50.00%
Well Success Investment Limited	40.00%	40.00%	40.00%
Wenzhou Baofeng Trading Co., Ltd.	-	-	50.00%
Willpower Industries Limited	44.84%	44.84%	44.84%
Yuen Thai Industrial Company Limited	-	-	50.00%
Zhong Ao Multiplex Management Limited	46.82%	46.82%	46.82%
Hebei Olivier Trading Co., Ltd.	45.00%	45.00%	-

(Concluded)

2) The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2013 and 2012 was based on the joint venture's financial statements audited by the auditors for the same years.

3) The summarized financial information in respect of the Group's joint venture is set out below:

	December 31, 2013	December 31, 2012	January 1, 2012
Current assets	$ 16,786,176	$ 18,546,432	$ 19,190,883
Noncurrent assets	$ 6,665,501	$ 8,556,491	$ 8,285,934
Current liabilities	$ (9,205,572)	$ (11,650,748)	$ (12,374,892)
Noncurrent liabilities	$ (1,722,669)	$ (1,551,362)	$ (2,994,362)
Noncontrolling interests	$ (249,855)	$ (1,668,726)	$ (1,672,724)

	For the Year Ended December 31	
	2013	2012
Income recognized in profit or loss		
Income	$ 22,236,516	$ 35,585,905
Expense and loss	$ (22,051,945)	$ (33,948,917)

17. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2013	December 31, 2012	January 1, 2012
Land	$ 2,305,337	$ 2,540,426	$ 2,499,671
Buildings and improvements	39,408,078	39,540,491	36,681,989
Machinery and equipment	14,059,370	15,105,279	17,003,689
Transportation equipment	420,948	457,592	498,757
Furniture, fixtures and office equipment	1,967,595	2,179,977	2,309,023
Other equipment	25,349	40,797	24,139
Construction in Progress	913,162	1,510,919	4,212,085
	$ 59,099,839	$ 61,375,481	$ 63,229,353

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Other Equipment	Construction in Progress	Total
Cost								
Balance at January 1, 2012	$ 2,504,912	$ 53,595,699	$ 41,889,529	$ 1,391,336	$ 6,594,422	$ 176,566	$ 4,212,085	$ 110,364,549
Additions	40,755	2,064,196	3,469,544	147,048	850,432	6,006	2,467,732	9,045,713
Acquisition of subsidiaries	-	1,023,988	-	1,584	3,018	-	-	1,028,590
Acquisitions of business	-	295,573	-	239	29,402	-	-	325,214
Disposal	-	(1,550,619)	(2,557,293)	(106,227)	(454,389)	(31,860)	(17,076)	(4,717,464)
Reclassified	-	4,978,746	(13,592)	3,723	(62,885)	84,964	(4,981,696)	9,260
Effect of foreign currency exchange differences	-	(1,823,121)	(1,643,811)	(43,146)	(219,155)	(2,798)	(170,126)	(3,902,157)
Balance at December 31, 2012	$ 2,545,667	$ 58,584,462	$ 41,144,377	$ 1,394,557	$ 6,740,845	$ 232,878	$ 1,510,919	$ 112,153,705
Accumulated depreciation and impairment								
Balance at January 1, 2012	$ (5,241)	$ (16,913,710)	$ (24,885,840)	$ (892,579)	$ (4,285,399)	$ (152,427)	$ -	$ (47,135,196)
Depreciation expense	-	(3,788,812)	(4,276,473)	(169,278)	(890,455)	(10,339)	-	(9,135,357)
Reversals of impairment losses	-	455	-	-	11	-	-	466
Disposals	-	1,046,596	2,060,997	95,228	416,985	25,594	-	3,645,400
Reclassified	-	18,557	12,062	-	42,792	(56,722)	-	16,689
Effect of foreign currency exchange differences	-	592,943	1,050,156	29,664	155,198	1,813	-	1,829,774
Balance at December 31, 2012	$ (5,241)	$ (19,043,971)	$ (26,039,098)	$ (936,965)	$ (4,560,868)	$ (192,081)	$ -	$ (50,778,224)
Carrying amounts at January 1, 2012	$ 2,499,671	$ 36,681,989	$ 17,003,689	$ 498,757	$ 2,309,023	$ 24,139	$ 4,212,085	$ 63,229,353
Carrying amounts at December 31, 2012	$ 2,540,426	$ 39,540,491	$ 15,105,279	$ 457,592	$ 2,179,977	$ 40,797	$ 1,510,919	$ 61,375,481
Cost								
Balance at January 1, 2013	$ 2,545,667	$ 58,584,462	$ 41,144,377	$ 1,394,557	$ 6,740,845	$ 232,878	$ 1,510,919	$ 112,153,705
Additions	-	1,412,183	2,811,124	95,937	522,668	5,825	787,182	5,634,919
Disposals	(37,312)	(1,529,418)	(9,005,071)	(229,259)	(1,012,870)	(31,403)	-	(11,845,333)
Disposals of subsidiaries	-	(70,694)	(269,892)	(14,412)	(22,848)	(6,418)	-	(384,264)
Reclassified	(198,043)	1,781,417	32,852	2,130	149	207	(1,367,155)	251,557
Effect of foreign currency exchange differences	-	1,558,859	1,082,064	33,451	195,879	(647)	39,313	2,908,919
Balance at December 31, 2013	$ 2,310,312	$ 61,736,809	$ 35,795,454	$ 1,282,404	$ 6,423,823	$ 200,442	$ 970,259	$ 108,719,503
Accumulated depreciation and impairment								
Balance at January 1, 2013	$ (5,241)	$ (19,043,971)	$ (26,039,098)	$ (936,965)	$ (4,560,868)	$ (192,081)	$ -	$ (50,778,224)
Depreciation expense	-	(3,131,711)	(3,412,319)	(134,830)	(719,374)	(17,311)	-	(7,415,545)
Reversals of recognized impairment losses	-	126	(145,514)	-	(21,159)	-	(57,097)	(223,644)
Disposals	-	865,003	8,385,816	219,859	957,431	31,224	-	10,459,333
Disposal of subsidiaries	-	42,361	180,327	12,612	19,683	2,810	-	257,793
Reclassified	266	(507,848)	(13,499)	-	179	(184)	-	(521,086)
Effect of foreign currency exchange differences	-	(552,691)	(691,797)	(22,132)	(132,120)	449	-	(1,398,291)
Balance at December 31, 2013	$ (4,975)	$ (22,328,731)	$ (21,736,084)	$ (861,456)	$ (4,456,228)	$ (175,093)	$ (57,097)	$ (49,619,664)
Carrying amounts at December 31, 2012	$ 2,540,426	$ 39,540,491	$ 15,105,279	$ 457,592	$ 2,179,977	$ 40,797	$ 1,510,919	$ 61,375,481
Carrying amounts at December 31, 2013	$ 2,305,337	$ 39,408,078	$ 14,059,370	$ 420,948	$ 1,967,595	$ 25,349	$ 913,162	$ 59,099,839

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

Items	Estimated Useful Life
Buildings and improvements	
Main buildings	55 years
Elevator	15 years
Machinery and equipment	5-12 years
Transportation equipment	5 years
Furniture, fixtures and office equipment	3-7 years
Other equipment	3-10 years

b. The Group has three parcels of land located in Changhwa County with carrying value of $56,102 thousand. Due to certain restrictions under the land regulations, the ownership for these three parcels of land resides with a trustee through a trust agreement which prohibits the trustee from selling, pledging or hypothecating the property.

c. Refer to Note 40 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings.

18. INVESTMENT PROPERTIES

	2013	2012
Cost		
Balance at January 1	$ 1,827,374	$ 2,647,317
Additions	363	770,666
Disposal	-	(1,689,086)
Reclassified	750,304	135,421
Effect of foreign currency exchange differences	21,051	(36,944)
Balance at December 31	$ 2,599,092	$ 1,827,374
Accumulated depreciation and impairment		
Balance at January 1	$ (345,431)	$ (445,515)
Depreciation expense	(18,676)	(21,234)
Reversals of impairment losses	6,873	2,834
Disposal	-	225,668
Reclassified	(79,599)	(124,722)
Effect of foreign currency exchange differences	(8,796)	17,538
Balance at December 31	$ (445,629)	$ (345,431)
Carrying amounts at December 31, 2012	$ 1,481,943	$ 2,201,802
Carrying amounts at December 31, 2013	$ 2,153,463	$ 1,481,943

a. The investment properties were depreciated on a straight-line method over 30-55 year.

b. The fair value valuation was performed by independent qualified professional valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair values of the Group's investment properties at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Investment property	$ 3,072,904	$ 2,039,302	$ 3,103,314

c. Refer to Note 40 for the carrying amount of investments properties pledged by the Group to secure borrowings.

19. GOODWILL

	2013	2012
Balance at January 1	$ 8,380,759	$ 7,831,554
Acquisition from business combinations	-	1,326,493
Disposal of subsidiaries	(9,381)	-
Effect of foreign currency exchange differences	228,189	(777,288)
Balance at December 31	$ 8,599,567	$ 8,380,759

Goodwill had been allocated to the following cash-generating units.

	December 31, 2013	December 31, 2012	January 1, 2012
Manufacturing and marking of footwear and materials	$ 5,428,295	$ 5,288,968	$ 5,513,895
Manufacturing and marking of sports apparel	170,604	166,225	173,294
Retailing business - retail sales and footwear and apparel	2,566,538	2,500,663	1,373,274
Other	434,130	424,903	771,091
	$ 8,599,567	$ 8,380,759	$ 7,831,554

Based on the assessments of the recoverable amounts of these cash-generating units, no impairment loss was recognized during 2013 and 2012. The recoverable amount of these cash-generating units was determined based on a value in use calculation which used cash flow projections based on financial budgets approved by management covering a five-year period. The growth rates are based on the forecasts of the relevant industries.

The discount rates and growth rates used in the value calculations for the cash-generating units were as follows:

	December 31, 2013		December 31, 2012		January 1, 2012	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Manufacturing and marking of footwear and materials	15%	2%	15%	2%	15%	2%
Manufacturing and marking of sports apparel	15%	4%	15%	4%	15%	4%
Retailing business - retail sales and footwear and apparel	15%	3%	14%	3%	14%	3%

Other key assumptions for the value in use calculations included budgeted sales, gross margins and their related cash inflows and outflows patterns. The estimated amount was based on the cash-generating units' historical performance and management's expectation of the market development.

20. OTHER INTANGIBLE ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Patents	$ 518	$ 2,298	$ 1,768
Trademark	134	85	76
Customer relationship	141,425	177,144	101,694
Brandnames	2,004,386	2,039,014	2,211,982
Licensing agreements	245,921	262,638	-
Non-compete agreements	1,131,249	1,413,464	1,073,551
	$ 3,523,633	$ 3,894,643	$ 3,389,071

	Patents	Trademark	Customer Relationship	Brandnames	Licensing Agreements	Non-compete Agreements	Total
Cost							
Balance at January 1, 2012	$ 2,080	$ 88	$ 140,143	$ 2,211,982	$ -	$ 1,399,765	$ 3,754,058
Additions	889	24	-	-	-	-	913
Acquisitions of subsidiaries	-	-	-	-	296,141	116,203	412,344
Acquisitions of business	-	-	112,797	-	-	589,114	701,911
Effect of foreign currency exchange differences	(42)	(2)	(4,067)	(34,012)	(1,588)	(31,974)	(71,685)
Balance at December 31, 2012	$ 2,927	$ 110	$ 248,873	$ 2,177,970	$ 294,553	$ 2,073,108	$ 4,797,541
Accumulated amortization and impairment							
Balance at January 1, 2012	$ (312)	$ (12)	$ (38,449)	$ -	$ -	$ (326,214)	$ (364,987)
Amortization expense	(420)	(10)	(33,911)	-	(31,932)	(231,354)	(297,627)
Impairment losses	-	-	-	(142,110)	-	(109,886)	(251,996)
Effect of foreign currency exchange differences	103	(3)	631	3,154	17	7,810	11,712
Balance at December 31, 2012	$ (629)	$ (25)	$ (71,729)	$ (138,956)	$ (31,915)	$ (659,644)	$ (902,898)
Carrying amounts at January 1, 2012	$ 1,768	$ 76	$ 101,694	$ 2,211,982	$ -	$ 1,073,551	$ 3,389,071
Carrying amounts at December 31, 2012	$ 2,298	$ 85	$ 177,144	$ 2,039,014	$ 262,638	$ 1,413,464	$ 3,894,643
Cost							
Balance at January 1, 2013	$ 2,927	$ 110	$ 248,873	$ 2,177,970	$ 294,553	$ 2,073,108	$ 4,797,541
Additions	431	95	-	-	-	-	526
Disposals of subsidiaries	(2,806)	(50)	-	-	-	-	(2,856)
Effect of foreign currency exchange differences	52	3	13,620	119,160	16,105	113,417	262,357
Balance at December 31, 2013	$ 604	$ 158	$ 262,493	$ 2,297,130	$ 310,658	$ 2,186,525	$ 5,057,568
Accumulated amortization and impairment							
Balance at January 1, 2013	$ (629)	$ (25)	$ (71,729)	$ (138,956)	$ (31,915)	$ (659,644)	$ (902,898)
Amortization expense	(279)	(19)	(31,915)	-	(30,490)	(181,489)	(244,192)
Impairment losses	-	-	(12,589)	(142,766)	-	(170,456)	(325,811)
Disposals of subsidiaries	839	20	-	-	-	-	859
Effect of foreign currency exchange differences	(17)	-	(4,835)	(11,022)	(2,332)	(43,687)	(61,893)
Balance at December 31, 2013	$ (86)	$ (24)	$ (121,068)	$ (292,744)	$ (64,737)	$ (1,055,276)	$ (1,533,935)
Carrying amounts at December 31, 2012	$ 2,298	$ 85	$ 177,144	$ 2,039,014	$ 262,638	$ 1,413,464	$ 3,894,643
Carrying amounts at December 31, 2013	$ 518	$ 134	$ 141,425	$ 2,004,386	$ 245,921	$ 1,131,249	$ 3,523,633

The above items of other intangible assets were depreciated on a straight-line basis over the estimated useful life of the asset:

Items	Estimated Useful Life
Patents	10-20 years
Trademark	8 years
Customer relationship	5-10 years
Licensing agreements	10 years
Non-compete agreements	5-20 years

The brandnames are considered by the management of the Group as having indefinite useful lives because they are expected to contribute to net cash inflows to the Group indefinitely.

21. BORROWINGS

a. Short-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Secured borrowings			
Bank loans	$ -	$ -	$ 63,401
Unsecured borrowings			
Credit loans	16,640,291	15,662,647	18,909,589
	$ 16,640,291	$ 15,662,647	$ 18,972,990

1) The range of effective interest rate on bank loans was 0.8%-7.02%, 0.71%-8.24% and 0.95%-7.63% per annum as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

2) The Group provided collateral in accordance with the requirements of the bank, refer to Note 40.

b. Short-term bills payable

December 31, 2013

	Annual Interest Rate %	Balance
Commercial paper	0.65-1.03	$ 2,205,000
Less: Unamortized discount on bills payable		(3,134)
		$ 2,201,866

December 31, 2012

	Annual Interest Rate %	Balance
Commercial paper	0.79-0.98	$ 2,467,000
Less: Unamortized discount on bills payable		(1,809)
		$ 2,465,191

January 1, 2012

	Annual Interest Rate %	Balance
Commercial paper	0.82-0.90	$ 2,821,000
Less: Unamortized discount on bills payable		(2,857)
		$ 2,818,143

c. Long-term borrowings

	Term	Article	Interest Rate %	December 31, 2013	December 31, 2012	January 1, 2012
Taipei Fubon Bank	2008.11-2013.11	Facility is US$150,000 thousand. The principal due in semiannual installments commencing from May 2012. Interest is paid quarterly.	-	$ -	$ 2,178,000	$ 4,541,250
Citibank	2010.05.20-2013.05.20	Facility is US$300,000 thousand, including HK$401,700 thousand and US$248,500 thousand. The principal will be fully repaid upon maturity. Interest is paid semiannually. The principal were fully repaid in May 2013.	-	-	8,715,498	9,086,146
Taipei Fubon Bank	2011.07.22-2014.07.22	Facility is US$2,500 thousand. The principal is due in quarterly installment commencing from November 2012. Interest is paid monthly. The principal were prepaid in May 2013.	-	-	63,525	75,688
Citic Bank	2012.09.06-2014.09.08	Facility is US$14,997 thousand. The principal due in semiannual installments commencing from September 2013. Interest is paid quarterly.	2.98	424,637	435,512	-
Citibank (lead lender) syndication loan	2011.10.20-2014.10.20	Facility is US$350,000 thousand, including HK$2,028,000 thousand and US$90,000 thousand. The principal will be fully repaid upon maturity. Interest is paid semiannually.	1.54	8,361,006	10,182,826	10,615,876
Chinatrust Commercial Bank (lead lender) syndication loan	2011.05.12-2016.06.10	Facility is US$300,000 thousand. The principal is due in semiannual installment commencing from January 12, 2015. Interest is paid monthly.	0.70	8,941,500	8,712,000	9,082,500
Chinatrust Commercial Bank (lead lender) syndication loan	2008.05.16-2013.05.16	Facility is $7,000,000 thousand. The principal due in semiannual installments commencing from November 16, 2011. Interest is paid semiannually. The principal were fully repaid in May 2013.	-	-	1,750,000	5,250,000
Chinatrust Commercial Bank (lead lender) syndication loan	2009.12.02-2014.12.02	Facility is $10,000,000 thousand. The principal due in semiannual installments commencing from June 2, 2013. The principal were fully prepaid in June 2013.	-	-	10,000,000	10,000,000
First Commercial Bank	2011.06.29-2016.09.29	Facility is $13,000,000 thousand. The principal due in semiannual installments commencing from March 27, 2015. Interest is paid semiannually.	1.46	7,000,000	10,750,000	1,750,000
IBT Bank	2012.12.26-2015.12.25	Facility is $400,000 thousand. The principal will be fully repaid upon maturity. Interest is paid monthly.	1.24	400,000	-	-
DBS Bank	2009.08.26-2012.09.15	Facility is RMB130,000 thousand. The principal due in semiannual installments commencing from September 2010. The principal were fully repaid in September 2012. Interest is paid semiannually.	-	-	-	430,715
Citic Bank	2009.09.08-2012.09.07	Facility is US$30,000 thousand. The principal due in semiannual installments commencing from March 2011. Interest is paid quarterly.	-	-	-	605,439
Shanghai Bank	2007.03.31-2012.03.31	Facility is RMB40,000 thousand. The principal is due in semiannual installments commencing from March 2010. Interest is paid semiannually. The principal were fully repaid in March 2012.	-	-	-	37,865
Cathay United Bank	2011.05.09-2014.05.09	Facility is $1,050,000 thousand, including secured debt $849,000 thousand and credit debt $201,000 thousand. Interest is paid monthly. The principal were fully prepaid in May 2012.	-	-	-	860,000
Bank of Taiwan (lead lender) syndication loan	2013.06.03-2018.06.03	Facility is $10,000,000 thousand. The principal is due in semiannual installment commencing from December 2, 2016. Interest is paid semiannually.	1.59	10,000,000	-	-
Yuanta Bank	2013.06.13-2016.06.12	Facility is $500,000 thousand. The principal will be fully repaid upon maturity. Interest is paid monthly.	1.23	500,000	-	-
CHB Bank	2013.05.07-2019.05.07	Facility is $488,000 thousand. The principal will be fully repaid upon maturity. Interest is paid monthly.	2.50	488,000	-	-
Mizuho Bank	2013.03.28-2016.03.28	Facility is US$70,000 thousand. The principal will be fully repaid upon maturity. Interest is paid quarterly.	1.09	2,086,350	-	-
SMBC	2013.04.16-2016.04.16	Facility is US$50,000 thousand. The principal will be fully repaid upon maturity. Interest is paid quarterly.	1.18	1,490,250	-	-
Citic Bank	2013.04.23-2016.04.23	Facility is US$40,000 thousand. The principal will be fully repaid upon maturity. Interest is paid quarterly.	1.09	1,192,200	-	-
Scotiabank	2013.04.19-2016.04.19	Facility is US$70,000 thousand. The principal will be fully repaid upon maturity. Interest is paid quarterly.	1.09	2,086,350	-	-
BAC Bank	2013.05.10-2016.05.10	Facility is US$70,000 thousand. The principal will be fully repaid upon maturity. Interest is paid quarterly.	1.09	2,086,350	-	-
HSBC	2013.04.23-2016.04.23	Facility is US$50,000 thousand. The principal will be fully repaid upon maturity. Interest is paid quarterly.	1.14	1,490,250	-	-
ANZ Bank	2013.02.27-2015.05.09	Facility is US$50,000 thousand. The principal will be fully repaid upon maturity. Interest is paid quarterly.	2.18	1,490,250	-	-
				48,037,143	52,787,361	52,335,479
Less: Current portion				(8,785,643)	(15,978,798)	(3,354,105)
Less: Long-term expense				(41,259)	(54,802)	(76,090)
				$ 39,210,241	$ 36,753,761	$ 48,905,284

1) Since the Group had refinanced the loans before December 31, 2012 and January 1, 2012, respectively, the current portion of the syndication loans of China Trust Commercial Bank was recorded under "long-term debt", accordingly.

2) The Group provided collateral in accordance with the requirements of the bank, refer to Note 40.

22. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31, 2013	December 31, 2012	January 1, 2012
Derivative financial liabilities under hedge accounting			
Cash flow hedges - interest rate swaps	$ -	$ 5,430	$ 34,351
Current	$ -	$ 5,430	$ 22,901
Noncurrent	-	-	11,450
	$ -	$ 5,430	$ 34,351

The Group entered into interest rate swap contracts to mitigate the risk of changes in interest rates on the cash flow exposure related to the outstanding variable rate long-term borrowings. The interest swaps and the corresponding borrowings have the same terms, and management believes the interest rate swaps are highly effective hedging instruments.

The outstanding interest rate swap contracts at the end of the reporting period were as follows:

December 31, 2012

Bank	Item	Principal	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
China Trust Commercial Bank	Interest rate swap contracts	$ 125,000	2013.05.16	2.480	0.887	$ (971)
China Trust Commercial Bank	"	125,000	2013.05.16	2.280	0.887	(847)
Citibank	"	125,000	2013.05.16	2.480	0.887	(971)
Citibank	"	125,000	2013.05.16	2.460	0.887	(959)
Citibank	"	125,000	2013.05.16	2.280	0.887	(847)
Citibank	"	125,000	2013.05.16	2.260	0.887	(835)
		750,000				(5,430)
Less current portion		(750,000)				5,430
		$ -				$ -

January 1, 2012

Bank	Item	Principal	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
China Trust Commercial Bank	Interest rate swap contracts	$ 375,000	2013.05.16	2.480	0.861	$ (6,126)
China Trust Commercial Bank	"	375,000	2013.05.16	2.280	0.861	(5,380)
Citibank	"	375,000	2013.05.16	2.480	0.861	(6,122)
Citibank	"	375,000	2013.05.16	2.460	0.861	(6,047)
Citibank	"	375,000	2013.05.16	2.280	0.861	(5,375)
Citibank	"	375,000	2013.05.16	2.260	0.861	(5,301)
		2,250,000				(34,351)
Less current portion		(1,500,000)				22,901
		$ 750,000				$ (11,450)

23. NOTES PAYABLE AND TRADE PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes payable			
Operating	$ 49,435	$ 64,289	$ 65,466
Nonoperating	2,735	4,792	50,975
	$ 52,170	$ 69,081	$ 116,441
Accounts payables	$ 14,276,711	$ 12,182,368	$ 16,251,253

The Group has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

24. AMOUNTS DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS

	December 31, 2013	December 31, 2012	January 1, 2012
Amount due to customers for construction contracts			
Construction costs incurred plus recognized profits less recognized losses	$ -	$ -	$ 980,409
Less: Progress billings	-	-	(1,039,669)
	$ -	$ -	$ (59,260)
Presented in consolidated financial statements			
Amounts due from customers for construction contracts, current	$ -	$ -	$ -
Amounts due to customers for construction contracts, current	-	-	(59,260)
	$ -	$ -	$ (59,260)

25. OTHER PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Salaries and wages	$ 9,812,602	$ 8,489,533	$ 6,426,530
Payable for purchase of equipment	783,209	637,496	941,294
Compensation due to directors and supervisors	210,538	308,323	256,485
Employee bonus payable	317,893	282,733	177,656
Interest payable	85,316	138,661	128,361
Payable for acquisition of subsidiary and business	562,420	549,059	95,033
Payable for annual leave	1,145,388	1,015,107	916,380
Payable for dividends	-	2,051,341	-
Others	7,835,065	6,753,962	6,382,870
	$ 20,752,431	$ 20,226,215	$ 15,324,609
Current	$ 20,069,301	$ 19,644,224	$ 15,275,506
Noncurrent	683,130	581,991	49,103
	$ 20,752,431	$ 20,226,215	$ 15,324,609

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The Group also adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contribute amounts to a pension fund administered by the Pension Fund Monitoring Committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. However, in accordance with Regulations for Revenues, Expenditure, Safeguard and Utilization of the Labor Retirement Fund the returns generated by employees' pension contributions should not be below the interest rate for a 2-year time deposit with local banks.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Weighted-average discount rate	1.75%-2.00%	1.38%-1.63%	1.50%-1.75%
Expected rate of return plan assets	2.00%	1.88%	2.00%
Average rate of increase in salaries	2.00%-2.75%	2.00%-2.75%	2.00%-2.75%

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

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

	For the Year Ended December 31	
	2013	**2012**
Service cost	$ 23,231	$ 24,461
Interest cost	22,391	22,797
Expected return on plan assets	(8,745)	(10,472)
Prior service cost	149	204
Curtailment gain	-	(35,074)
	$ 37,026	$ 1,916
Function summary		
Operating cost	$ 941	$ 892
Marketing expenses	(46)	(1,914)
Administration expenses	16,565	(11,184)
Research and development expenses	19,566	14,122
	$ 37,026	$ 1,916

Actuarial losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012 were $242,043 thousand and $194,496 thousand, respectively. The cumulative amount of actuarial losses recognized in other comprehensive income as of December 31, 2013 and 2012 was $436,539 thousand and $194,496 thousand, respectively.

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

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Present value of funded defined benefit obligation	$ 1,745,989	$ 1,627,366	$ 1,518,997
Fair value of plan assets	(320,511)	(450,226)	(508,142)
Funded status	1,425,478	1,177,140	1,010,855
Unrecognized prior service costs	-	(149)	(353)
Net liability arising from defined benefit obligation	$ 1,425,478	$ 1,176,991	$ 1,010,502

Accrued pension liability in the consolidated balance sheet was the net amount of accrued pension liability and prepaid pension. As of December 31, 2013, December 31, 2012 and January 1, 2012 the amounts of accrued pension liability were as follows:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Accrued pension liability	$ 1,534,353	$ 1,286,665	$ 1,090,159
Less: Prepaid pension (Note 15)	(108,875)	(109,674)	(79,657)
	$ 1,425,478	$ 1,176,991	$ 1,010,502

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

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ 1,627,366	$ 1,518,997
Current service cost	23,231	24,461
Interest cost	22,391	22,797
Actuarial losses	238,344	188,517
Benefits paid	(165,343)	(92,332)
Curtailment effect	-	(35,074)
Balance at December 31	$ 1,745,989	$ 1,627,366

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

	For the Year Ended December 31	
	2013	2012
Balance at January 1	$ 450,226	$ 508,142
Expect return on plan assets	8,745	10,472
Actuarial losses	(3,715)	(5,979)
Contributions from the employee	30,597	29,923
Benefit paid	(165,342)	(92,332)
Balance at December 31	$ 320,511	$ 450,226

The major categories of plan assets at the end of the reporting period for each category were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Equity instruments	43.64%	38.29%	41.26%
Debt instrument	9.83%	11.00%	11.49%
Cash and short-term commercial paper	26.51%	33.84%	30.88%
Fixed income instruments	19.11%	16.06%	16.17%
Others	0.91%	0.81%	0.20%
	100.00%	100.00%	100.00%

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

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ (1,745,989)	$ (1,627,366)	$ (1,518,997)
Fair value of plan assets	$ 320,511	$ 450,226	$ 508,142
Deficit	$ (1,425,478)	$ (1,177,140)	$ (1,010,855)
Experience adjustment on plan liabilities	$ (326,830)	$ (188,517)	$ -
Experience adjustment on plan assets	$ (3,715)	$ (5,979)	$ -

The Group expects to make a contribution of $31,014 thousand and $32,294 thousand, respectively to the defined benefit plans during the annual period beginning after 2013 and 2012.

27. EQUITY

a. Capital stock

	December 31, 2013	December 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	4,500,000	4,500,000	4,500,000
Shares authorized	$ 45,000,000	$ 45,000,000	$ 45,000,000
Number of shares issued and fully paid (in thousands)	2,944,137	2,943,185	2,924,147
Shares issued	$ 29,441,372	$ 29,431,849	$ 29,241,469

1) The Company's employee stock warrants were exercised for 19,038 thousand shares (amounted to $190,380 thousand) during 2012.

2) Furthermore, the Company's employee stock warrants were exercised for 952 thousand shares (amounted to $9,523 thousand) during 2013.

b. Capital surplus

	December 31, 2013	December 31, 2012	January 1, 2012
Issuance of shares	$ 827,403	$ 817,690	$ 812,890
Arising from conversion of bonds	1,447,492	1,447,492	1,447,492
Acquisition or disposal of interest in subsidiaries	484,891	441,509	-
Arising from treasury share transactions	1,606,313	1,591,414	1,575,523
	$ 4,366,099	$ 4,298,105	$ 3,835,905

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, conversion of bonds and treasury share transactions, etc.) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year). The capital surplus from long-term investments may not be used for any purpose.

c. Retained earnings and dividend policy

Under the Company Law of the ROC and the Company's Articles of Incorporation, the annual earnings should be appropriated as follows:

1) For paying tax,

2) For offsetting deficit,

3) 10% of the annual earnings as legal reserve,

4) Less than 3% as bonus to directors and supervisors after the items one to three above were appropriated,

5) 1% -5% as bonus to employees after the items one to four above were appropriated,

6) As special reserve or being retained partially, and

7) Dividends to stockholders as proposed according to stock ownership proportion.

8) For share bonus to qualified employees, including the employees of subsidiaries of the Company meeting specific requirements. Regarding the terms and proportion, the board of directors of the Company is authorized to resolve.

For the years ended December 31, 2013 and 2012, the bonus to employees was $142,211 thousand and $235,472 thousand, respectively, and the remuneration to directors and supervisors was $72,188 thousand and $119,529 thousand, respectively. The bonus to employees and remuneration to directors and supervisors both depended on the base amount determined according to the articles of incorporation. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value of the shares. For the calculation of the number of shares in 2012 and 2011, the fair value of the shares refer to the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items shall be transferred from unappropriated earnings to a special reserve. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", a special reserve from unappropriated earnings shall be made.

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

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

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 14, 2013 and June 15, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2012	**For Year 2011**	**For Year 2012**	**For Year 2011**
Legal reserve	$ 1,015,634	$ 580,672	$ -	$ -
Special reserve	1,172,074	(155,417)	-	-
Cash dividends	4,416,205	3,824,166	1.50	1.30

Bonuses to employees and remuneration to directors and supervisors for 2012 and 2011 approved in the shareholders' meetings were as follows:

	2013		2012	
	Cash Dividend	**Share Dividend**	**Cash Dividend**	**Share Dividend**
Bonus to employees	$ 235,472	$ -	$ 159,022	$ -
Directors and supervisors	119,529	-	80,722	-

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

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings in 2013 and 2012 and the amounts recognized in the financial statements for the years ended December 31, 2012 and 2011.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves appropriated following first-time adoption of IFRSs

The Company's special reserves appropriated following the Rule No. 1010012865 issued by the FSC were as follows:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Special reserve	$ 134,641	$ -	$ -

The Company appropriated to special reserve the amount of the unrealized revaluation increment transferred to retained earnings, which was $134,641 thousand.

e. Other equity item

1) Exchange differences on translation foreign operations

	For the Year Ended December 31	
	2013	**2012**
Balance at January 1	$ (1,843,619)	$ -
Exchange differences arising on translation of foreign operations	1,788,886	(1,792,702)
Share of other comprehensive income of associates and joint venture	75,509	(50,917)
Balance at December 31	$ 20,776	$ (1,843,619)

2) Unrealized gain or loss on available for sale assets

	For the Year Ended December 31	
	2013	**2012**
Balance at January 1	$ (176,725)	$ (906,495)
Unrealized gain on available for sale assets	1,376,810	1,349,430
Unrealized loss on available for sale assets of associates and joint venture	(10,400,908)	(619,660)
Balance at December 31	$ (9,200,823)	$ (176,725)

3) Cash flow hedge

	For the Year Ended December 31	
	2013	**2012**
Balance at January 1	$ (5,430)	$ (34,351)
Gain arising on the changes in the fair value of hedge instruments - interest rate swaps	5,430	28,921
Balance at December 31	$ -	$ (5,430)

f. Noncontrolling interest

	For the Year Ended December 31	
	2013	**2012**
Balance at January 1	$ 70,345,509	$ 69,257,725
Share of noncontrolling interest		
Net income	6,291,501	8,860,379
Exchange difference arising on translation of foreign operation	471,860	(241,265)
Unrealized gain on available for sale assets	84,188	51,560
Change in noncontrolling interest	(783,763)	(7,582,890)
Balance at December 31	$ 76,409,295	$ 70,345,509

g. Treasury shares

The changes in treasury stock during 2013 and 2012 were summarized as follows:

	Beginning of Year	**Addition**	**Reduction**	**End of Year**
2013				
Shares held by subsidiaries	10,233,805	-	299,746	9,934,059
2012				
Shares held by subsidiaries	9,934,059	-	-	9,934,059

The Company's shares held by its subsidiaries at the end of the reporting periods were as follows:

Name of Subsidiary	**Number of Shares Held**	**Carrying Amount**	**Market Price**
December 31, 2013			
Pou Shine	3,586,358	$ 68,161	$ 159,772
Barits Development	4,827,561	96,361	215,068
Song Ming	91,094	1,818	4,058
Pou Yii	1,615,313	25,415	71,962
		$ 191,755	$ 450,860
December 31, 2012			
Pou Shine	3,586,358	$ 68,161	$ 109,384
Barits Development	4,827,561	96,361	147,241
Song Ming	91,094	1,818	2,778
Pou Yii	1,615,313	25,415	49,267
		$ 191,755	$ 308,670
January 1, 2012			
Wealthplus	144,189	$ 3,181	$ 3,518
Pou Shine	2,049,982	40,919	50,020
Ming Wang	1,536,376	27,242	37,488
Barits Development	4,827,561	96,361	117,792
Top Score	156,187	3,311	3,811
Song Ming	91,094	1,818	2,223
Pou Yii	1,615,313	25,415	39,414
		$ 198,247	$ 254,266

After Wealthplus Holdings Limited and Top Score Investments Limited resold the Company's common shares, 299,746 shares were deducted from treasury stock and the profit of $2,597 thousand was recognized as the capital surplus from treasury stock transactions.

The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

28. REVENUE

	For the Year Ended December 31	
	2013	**2012**
Revenue from the sale of goods	$ 226,044,670	$ 274,940,552
Revenue from the rendering of services	109,012	440,186
Construction contract revenue	-	201,671
Rental income	25,903	47,613
Revenue from entertainment and resort	484,984	477,647
	$ 226,664,569	$ 276,107,669

29. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations had been arrived at after charging (crediting):

a. Other income

	For the Year Ended December 31	
	2013	2012
Rental income		
Rental income from operating lease		
Investment properties	$ 38,129	$ 40,543
Other	297,905	361,602
	336,034	402,145
Interest		
Saving account	297,537	472,883
Repurchase agreements collateralized by bonds	11,614	7,653
Debt investment with no active market	21,875	3,832
Other	6,794	1,309
	337,820	485,677
Dividend income	545,546	449,086
Other	2,361,529	1,814,397
	$ 3,580,929	$ 3,151,305

b. Other gains and losses

	For the Year Ended December 31	
	2013	2012
Net (loss) gain on disposal of property, plant and equipment	$ (424,698)	$ 5,109
Net gain (loss) on disposal of available-for-sale financial assets	25,483	(40,580)
Loss on disposal of financial asset measured at cost	(10,269)	(1,933)
Gain on disposal of subsidiaries, joint venture and associates	1,228,802	258,855
Net foreign exchange gains	767,013	786,274
Net gain (loss) arising on financial assets designated as at FVTPL	720,237	(378,310)
Net gain arising on financial liabilities designated as at FVTPL	84,984	412,166
Impairment loss	(876,641)	(2,048,198)
Others	(189,933)	(436,474)
	$ 1,324,978	$ (1,443,091)

c. Finance costs

	For the Year Ended December 31	
	2013	2012
Interest on bank loans	$ 1,218,721	$ 1,835,987
Interest on short-term bills payable	21,405	22,496
Other interest expense	10,046	9,270
	$ 1,250,172	$ 1,867,753

d. Depreciation and amortization

	For the Year Ended December 31	
	2013	**2012**
Property, plant and equipment	$ 7,415,545	$ 9,135,357
Investment properties	18,676	21,234
Other intangible assets	244,192	297,627
Prepayments for lease	176,464	182,536
	$ 7,854,877	$ 9,636,754
An analysis of deprecation by function		
Operating costs	$ 4,859,334	$ 6,142,882
Operating expenses	2,561,420	3,012,775
Nonoperating expense	13,467	934
	$ 7,434,221	$ 9,156,591
An analysis of amortization by function		
Operating costs	$ 34	$ 80
Operating expense	419,925	480,083
Nonoperating expense	697	-
	$ 420,656	$ 480,163

e. Direct expense with investment property

	For the Year Ended December 31	
	2013	**2012**
Direct operating expense from investment properties that generated rental income	$ 42,745	$ 76,925

f. Employee benefits expense

	For the Year Ended December 31	
	2013	**2012**
Post-employment benefits		
Defined contribution plans	$ 2,846,930	$ 1,946,272
Defined benefit plans	37,026	1,916
	2,883,956	1,948,188
Share-based payments		
Equity-settled share-based payments	(1,611)	59,503
Termination benefits	29,806	26,160
Other employee benefits	54,129,125	62,345,539
Total employee benefits expense	$ 57,041,276	$ 64,379,390
An analysis of employee benefits expense by function		
Operating costs	$ 42,548,663	$ 46,912,351
Operating expenses	14,492,613	17,467,039
	$ 57,041,276	$ 64,379,390

30. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
In respect of the current period	$ 1,518,914	$ 1,249,686
Income tax expense of unappropriated earnings	357,298	160,079
	1,876,212	1,409,765
Deferred tax	(149,951)	263,822
Adjustments of prior year's income tax	94,882	5,122
Income tax expense recognized in profit or loss	$ 1,821,143	$ 1,678,709

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

	For the Year Ended December 31	
	2013	2012
Income before income tax	$ 18,732,093	$ 20,756,777
Income tax expense calculated at the statutory rate	$ 3,184,456	$ 3,528,652
Adjustments for		
Tax-exempt income	(1,535,014)	(1,614,619)
Others	(130,528)	(664,347)
Income tax on unappropriated earnings	357,298	160,079
Current tax, net	1,876,212	1,409,765
Deferred tax	(149,951)	263,822
Adjustments for prior year's income tax	94,882	5,122
Income tax expense recognized in income or loss	$ 1,821,143	$ 1,678,709

The applicable tax rate used by the Company is the corporate tax rate of 17%.

As the appropriations of earnings in 2014 were uncertain, the potential income tax consequences of 2013 unappropriated earnings were not reliably determinable.

b. Deferred tax assets and liabilities

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

	December 31, 2013	December 31, 2012	January 1, 2012
Deferred tax assets			
Temporary differences			
Unrealized pension expense	$ 118,257	$ 119,715	$ 114,734
Unrealized impartment loss	-	21,587	21,587
Others	292,898	133,103	85,021
	$ 411,155	$ 274,405	$ 221,342

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Deferred tax liabilities			
Temporary differences			
Investment income from foreign subsidiaries	$ 506,684	$ 691,152	$ 469,090
Others	1,262,653	1,300,975	1,120,707
	$ 1,769,337	$ 1,992,127	$ 1,589,797

(Concluded)

c. Integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	$ 221,425	$ 221,425	$ 221,425
Unappropriated earnings generated on and after January 1, 1998	23,779,118	20,013,192	14,308,540
	$ 24,000,543	$ 20,234,617	$ 14,529,965
Imputation credits accounts	$ 877,346	$ 598,636	$ 331,528

The creditable ratio for distribution of earnings of 2013 and 2012 was 8.85% (expected ratio) and 5.74%, respectively.

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

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs

d. Income tax assessments

The tax returns of the Company through 2011 have been assessed by the tax authorities.

31. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share in 2013 and 2012 were as follows:

	For the Year Ended December 31	
	2013	2012
Net income (in thousand dollars)		
Earnings used in the computation of earnings per share	$ 10,619,449	$ 10,217,689
Weighted average number of shares outstanding (in thousand shares)		
Weighted average number of shares in computation of basic earnings per share	2,934,000	2,929,565
Effect of potential dilutive shares		
Employee stock warrants	61,220	40,660
Bonus to employee	10,901	7,720
Weighted average number of shares in computation of diluted earnings per share	3,006,121	2,977,945
Earnings per share (in dollars)		
Basic earnings per share	$3.62	$3.49
Diluted earnings per share	$3.53	$3.43

The Company presumes that the entire amount of the bonus will be settled in shares and the potential shares should be included in the weighted average number of shares outstanding used in the calculation of diluted earnings per share, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted earnings per share until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

32. SHARE-BASED PAYMENT ARRANGEMENTS

Information about Pou Chen's Employee Stock Warrants

As at July 15, 2002, the board of directors of the Company resolved to issue employee stock warrants in accordance with Securities and Exchange Law Article 28-3 within the quantity of 67,600 units. Each individual employee stock warrant is granted the right to purchase new issued common share for 1,000 shares. The exercise price is the closing price of common shares at the employee stock warrants' issuance date. The warrant holders can exercise the right up to one-third of the granted warrant units no earlier than two years from the granted date. After four years from the granted date, the warrants holders are eligible to exercise all the warrants owned. As of August 6, 2002 and July 24, 2003, the Company has issued 66,600 units, and 1,000 units of employee stock warrants, respectively, to the employees with an exercise price of $23.30 dollars and $41.20 dollars per share, respectively. The exercise price of the warrant in 2012 has been retroactively restated as $10.00 dollars and $14.80 per share, respectively. As at December 31, 2012, the employee stock warrants issued in 2002 were executed for 67,301 thousand shares of common stock. The unexecuted 299 units expired in August 2012.

Additionally, as at November 6, 2007, the Company has issued 125,500,000 units of employee stock warrants to the employees with an exercise price of $29.80 dollars per share. Each of the aforementioned individual employee stock warrant is granted the right to purchase one newly issued common share. If the Company resolved to increase additional capital stock through stock dividends or issue of new shares, the exercise price will be retroactively restated. Additionally, the share of employee stock warrant granted but not exercised will also be adjusted. After the aforementioned adjustment, the exercise price and issued units of employee stock warrants were $19.20 and 148,440,178 units, respectively, as at December 31, 2013.

Information about outstanding stock warrants for the years ended December 31, 2013 and 2012 was as follows:

	2013		2012	
Employee Stock Warrants	**Number of Stock Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (NT$)**	**Number of Stock Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (NT$)**
Balance at January 1	149,393	$ 20.20	168,730	$ 20.03
Stock warrants exercised	(952)	20.20	(19,038)	10.25
Stock warrants expired	-	-	(299)	10.00
Balance at December 31	148,441	19.20	149,393	20.20
Exercisable stock warrants at December 31	148,441	19.20	149,393	20.20

As at December 31, 2013 and 2012, information about outstanding and exercisable stock warrants was as follows:

	Stock Warrants Outstanding			Stock Warrants Exercisable	
Range of Exercise Price (NT$)	**Number of Stock Purchasable (Thousand Shares)**	**Weighted-average Remaining Contractual Life (Years)**	**Weighted-average Exercise Price (NT$)**	**Number of Stock Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (NT$)**
2013					
$19.20-$20.20	148,441	3.85	$ 19.20	148,441	$ 19.20
2012					
$10.00-$21.30	149,393	4.85	$ 20.20	149,393	$ 20.20

Information about Pou Sheng's Employee Stock Options

Pou Sheng's share option scheme (the "Pou Sheng Scheme") was adopted on May 14, 2008, and will be expire on May 13, 2018. Under the Pou Sheng Scheme, the board of directors of Pou Sheng may grant eligible participants, including directors and employees of Pou Sheng and its subsidiaries, options to subscribe. The details of the plan under the scheme were as follows:

a. Without prior approval from Pou Sheng's stockholders, the number of shares that may be granted

   1) The total number of shares in respect of which options may be granted under the Pou Sheng Scheme is not permitted to exceed 10% of the shares of Pou Sheng at any point in time;

2) The number of shares issued and to be issued in respect of which options were granted and may be granted to any individual in any twelve-month period is not permitted to exceed 1% of the shares of Pou Sheng at any point in time.

3) Options in excess of 0.1% of Pou Sheng's share capital or with a value in excess of HK$5 million (US$0.6 million) may not be granted to substantial stockholders or independent non-executive directors.

b. Exercise price

The exercise price is to be determined by the directors of Pou Sheng, and will not be less than the highest of (i) the closing price of Pou Sheng's shares on the date of grant, (ii) the average closing price of Pou Sheng's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of Pou Sheng's share.

Information about the Pou Sheng Scheme for the years ended December 31, 2013 and 2012, respectively was as follows:

	2013		2012	
Employee Stock Warrants	**Number of Stock Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (HK$)**	**Number of Stock Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (HK$)**
Balance at January 1	76,335	$ 1.41	102,365	$ 1.41
Stock warrants granted	-	-	5,400	1.05
Stock warrants terminated	(19,268)	1.48	(31,430)	1.35
Balance at December 31	57,067	1.38	76,335	1.41
Exercisable stock warrants at December 31	36,266	1.40	24,056	1.43

Information about outstanding employee stock options as at December 31, 2013 and December 31, 2012, respectively, was summarized as follows:

	Stock Warrants Outstanding			Stock Warrants Exercisable	
Range of Exercise Price (HK$)	**Outstanding Shares to Subscribe (Thousand Shares)**	**Weighted-average Predicted Remaining Period of Exercise (Years)**	**Weighted-average Exercise Price (HK$)**	**Number of Stock Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (HK$)**
2013					
$1.05-$1.62	57,067	4.68	$ 1.38	36,266	$ 1.40
2012					
$1.05-$1.62	76,335	5.62	$ 1.41	24,056	$ 1.43

Pursuant to a resolution passed in Pou Sheng's annual general meeting on March 7, 2012, the Scheme was amended whereby any unexercised share options will not automatically lapse upon cessation of employment with Pou Sheng, subject to certain conditions. Such amendment is applicable retrospectively to the unexercised share options granted on January 21, 2010 and January 20, 2011.

In the subscription plans granted on January 21, 2010, January 20, 2011 and March 7, 2012, Pou Sheng adopted the Black-Scholes options pricing model and Binomial option pricing model to estimate the fair value of warrants on the grant dates, and the factors were as follows:

	Share Options with a Vesting Period of One Year	**Share Options with a Vesting Period of Two Years**	**Share Options with a Vesting Period of Three Years**	**Share Options with a Vesting Period of Four Years**
<u>Granted on January 21, 2010</u>				
Exercise price	HK$1.62	HK$1.62	HK$1.62	HK$1.62
Share price at date of grant	HK$1.62	HK$1.62	HK$1.62	HK$1.62
Expected life of share options	5.88 years	5.88 years	5.88 years	5.88 years
Expected volatility	45%	45%	45%	45%
Expected dividend yield	-	-	-	-
Risk free yield	0.78%	0.78%	0.78%	0.78%
Fair value per share option	HK$0.14	HK$0.14	HK$0.12	HK$0.09
<u>Granted on January 20, 2011</u>				
Exercise price	HK$1.23	HK$1.23	HK$1.23	HK$1.23
Share price at date of grant	HK$1.23	HK$1.23	HK$1.23	HK$1.23
Expected life of share options	6.87 years	6.87 years	6.87 years	6.87 years
Expected volatility	45%	45%	45%	45%
Expected dividend yield	-	-	-	-
Risk free yield	0.96%	0.96%	0.96%	0.96%
Fair value per share option	HK$0.15	HK$0.12	HK$0.10	HK$0.80
<u>Granted on March 7, 2012</u>				
Exercise price	HK$1.05	HK$1.05	HK$1.05	HK$1.05
Share price at date of grant	HK$0.99	HK$0.99	HK$0.99	HK$0.99
Expected life of share options	8 years	8 years	8 years	8 years
Expected volatility	45%	45%	45%	45%
Expected dividend yield	-	-	-	-
Risk free yield	1.08%	1.08%	1.08%	1.08%
Fair value per share option	HK$0.48	HK$0.48	HK$0.48	HK$0.48

The Group recognized $(1,611) thousand and $59,503 thousand compensation (income) cost for the years ended December 31, 2013 and 2012, respectively.

33. BUSINESS COMBINATIONS

The Group acquired subsidiaries and businesses during 2012 as follows:

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Hebei Zhanxin	Retailing of sportswear	2011.12.01	55	$ 611,763
Noble Decent	Property investment	2012.07.20	100	134,221
Shanghai Pengda Sports Goods Company Limited ("Pengda Business")	Retailing of sportswear	2012.02.01	Not applicable	3,496,050
				$ 4,242,034

The Group acquired these subsidiaries and businesses in order to continue the expansion of the Group's retailing of sportswear and brand licensing business.

a. Considerations transferred

	Hebei Zhanxin	Noble Decent	Pengda Business
Cash (Note 1)	$ 368,839	$ 134,221	$ 2,934,246
Consideration shares with trading restrictions (Note 2)	-	-	87,847
Fair value of guaranteed compensation (Note 3)	-	-	473,957
Related call options (Note 4)	34,989	-	-
Fair value of previously held interests	207,935	-	-
	$ 611,763	$ 134,221	$ 3,496,050

Note 1: 1) The consideration paid in cash for acquisition of interest in Hebei Zhanxin, in the amount of $368,839 thousand (US$12,344 thousand) had been fully paid as at December 31, 2012.

2) The consideration paid in cash for acquisition of interest in Noble Decent, in the amount of $134,221 thousand (US$4,492 thousand) had been fully paid as at December 31, 2012.

3) The consideration paid in cash for acquisition of business in Pengda, in the amount of $2,934,246 thousand (US$98,201 thousand) had been fully paid as at December 31, 2012.

Note 2: Pou Sheng issued 39,635 thousand shares at HK$0.01 each for the acquisition of the Pengda Business (the "Pengda Consideration Shares"). These shares, when issued, are to be placed in an escrow account and cannot be withdrawn within a period of four years without Pou Sheng's consent (the "Restricted Period").

Note 3: Pursuant to the relevant agreements, the Group is to compensate Pengda for the shortfall, if any, between the market value of each Pengda Consideration Share and HK$4 at the expiry of the Restricted Period. The market value applied being the average closing price of Pou Sheng's shares in the 20 consecutive trading days immediately following the end of the Restricted Period.

Note 4: The JV Call Options relating to Hebei Zhanxin represented the carrying values at the dates of acquisitions.

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

	Hebei Zhanxin	Noble Decent	Pengda Business
Assets			
Cash and cash equivalent	$ 65,019	$ 30	$ -
Accounts receivable and other receivables	265,006	16,523	-
Inventories	360,353	-	1,658,818
Property, plant and equipment	41,952	986,638	325,214
Other intangible assets	412,344	-	701,911
Liabilities			
Accounts payable and other payable	(441,268)	(868,970)	-
Bank loans	(220,604)	-	-
Deferred tax liabilities	(103,086)	-	(175,485)
	$ 379,716	$ 134,221	$ 2,510,458

c. Net cash outflow on acquisition of subsidiaries and business

	Hebei Zhanxin	Noble Decent	Pengda Business	Total
Consideration paid in cash	$ 368,839	$ 134,221	$ 2,934,246	$ 3,437,306
Less: Consideration paid in cash before 2012	(37,674)	-	(142,352)	(180,026)
Less: Cash and cash equivalent balances acquired	(65,019)	(30)	-	(65,049)
	$ 266,146	$ 134,191	$ 2,791,894	$ 3,192,231

34. DISPOSAL OF SUBSIDIARIES

a. The Group entered into an agreement to dispose of LNC Technology and other subsidiaries during 2013. The assets and liabilities on the date of disposal were as follows:

	Amount
Assets	
Cash and cash equivalents	$ 474,205
Accounts receivable and other receivables	411,974
Inventories	217,268
Property, plant and equipment	126,471
Intangible assets	11,379
Others	564,551

(Continued)

	Amount
Liabilities	
Accounts payable and other payable	$ (288,149)
Tax payable	(916)
Other liabilities, current	(7,192)
Net assets disposed of	$ 1,509,591

(Concluded)

1) Gain on disposal of subsidiaries

	Amount
Net assets disposed of	$ 1,509,591
Less: Noncontrolling interests	(181,540)
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss	(37,406)
Net value of net assets disposed of	$ 1,290,645
Consideration received in cash and cash equivalent	$ 2,285,823
Consideration received in associated interest	34,693
Net value of net assets disposed of	(1,290,645)
Gain on disposal	$ 1,029,871

2) Net cash inflow on disposal of subsidiaries

	Amount
Consideration received in cash and cash equivalent	$ 2,285,823
Less: Cash consideration advances in 2012	(156,425)
Cash consideration receivable in 2013	(139,249)
Cash and cash equivalent balance disposed of	(474,205)
	$ 1,515,944

b. The Group entered into an agreement to dispose of subsidiaries during 2012. The assets and liabilities on the date of disposal were as follows:

	Amount
Assets	
Cash and cash equivalents	$ 112,199
Other assets, current	108,315
Property, plant and equipment	1,587,943
Liabilities	
Other payable	(703,674)
Bank loans	(448,200)
Net assets disposed of	$ 656,583

1) Gain on disposal of subsidiaries

	Amount
Net assets disposed of	$ 656,583
Less: Noncontrolling interests	(321,718)
Net value of net assets disposed of	$ 334,865
Consideration received in cash and cash equivalent	$ 505,742
Net value of net assets disposed of	(334,865)
Gain on disposal	$ 170,877

2) Net cash inflow on disposal of subsidiaries

	Amount
Consideration received in cash and cash equivalent	$ 505,742
Less: Cash and cash equivalent balance disposed of	(112,199)
	$ 393,543

35. NONCASH TRANSACTIONS

For the years ended December 31, 2013 and 2012, the Group entered into the following noncash investing and financing activities which were not reflected in the consolidated statement of cash flows:

a. Pou Sheng issued JV Call Options as consideration to acquire the partial interest in Hebei Zhanxin (see Note 33).

b. Pou Sheng issued shares as consideration to acquire the property, plant and equipment and other intangible assets from Shanghai Pengda (see Note 33).

36. OPERATING LEASE ARRANGEMENTS

a. The Group as lessor

The future minimum lease payments of noncancellable operating lease commitments were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 2,090,254	$ 1,926,862	$ 1,649,715
Later than 1 year and not later than 5 years	2,482,578	2,663,142	2,788,267
Later than 5 years	1,294,014	1,302,880	1,306,063
	$ 5,866,846	$ 5,892,884	$ 5,744,045

b. The Group as lessee

The future minimum lease payments of noncancellable operating lease commitments were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 232,360	$ 164,744	$ 207,535
Later than 1 year and not later than 5 years	379,775	497,194	492,847
Later than 5 years	1,238,517	670,272	535,474
	$ 1,850,652	$ 1,332,210	$ 1,235,856

37. CAPITAL MANAGEMENT

The Group's capital management policy is to ensure the Group has sufficient financial resources and operating plans to balance the working capital, capital expenditure, research and development expenditure, repayment of debt and dividends paid to shareholders within twelve months.

38. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Debt investments with no active market	$ 1,596,986	$ 1,596,986	$ 543,505	$ 543,505	$ 562,197	$ 562,197
Financial assets measured at cost	881,355	-	850,089	-	850,519	-
Other loans and receivables	64,123,468	64,123,468	61,053,668	61,053,668	53,191,311	53,191,311
Financial liabilities						
Bank loans	64,636,175	64,636,175	68,395,206	68,395,206	71,232,379	71,232,379
Short-term bills payable	2,201,866	2,201,866	2,465,191	2,465,191	2,818,143	2,818,143
Financial liabilities measured at amortized cost	35,108,030	35,108,030	32,489,181	32,489,181	31,699,188	31,699,188

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 2 based on the degree to which the fair value is observable:

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

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Financial assets at FVTPL			
Non-derivative financial assets held for trading	$ 146,738	$ 494,330	$ 707,743
Available-for-sale financial assets			
Domestic listed securities			
Equity investment	13,820,265	11,622,017	10,437,074
Foreign listed securities			
Equity investment	875,278	887,469	768,970

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability.

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Financial assets at FVTPL			
Derivative financial instruments	$ 419,585	$ 151,129	$ 683,844
Financial assets designated as at FVTPL	375,703	-	-
Available-for-sale financial assets			
Foreign listed securities			
Debt securities	-	125,511	-
Financial liabilities			
Financial liabilities at FVTPL			
Derivative financial instruments	20,430	41,552	448,579
Derivative financial liabilities under hedge accounting			
Derivative financial instruments	-	5,430	34,351

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

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

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices (includes listed bonds). Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument.

b) The fair values of derivative instruments were calculated using quoted prices. When such prices were not available, a valuation method was used and the estimates and assumptions used by the Company were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ 566,323	$ 645,459	$ 1,391,587
Designated as at FVTPL	375,703	-	-
Loans and receivables (Note 1)	65,720,454	61,597,173	53,753,508
Available-for-sale financial assets	14,695,543	12,634,997	11,206,044
Financial assets measured at cost	881,355	850,089	850,519
Investments accounted for using equity method	34,822,264	39,839,473	40,813,138
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Held for trading	20,430	41,552	448,579
Derivative instruments in designated hedge accounting relationships	-	5,430	34,351
Amortized cost (Note 2)	101,946,071	103,349,578	105,749,710

Note 1 The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes receivable, accounts receivable, other receivables, and refundable deposits.

Note 2 The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, accounts payable, other payables, long-term loans, long-term payable and guarantee deposits received.

c. Financial instruments

The Group's major financial instruments included equity and debt investments, loans, accounts receivable, accounts payable, refundable deposits and guarantee deposits received. The Group's treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include exchange rate risk, interest rate risk, credit risk and liquidity risk.

1) Market risk

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts and other derivate instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and the carrying amount of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 42.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB, HKD, VND and IDR.

The following table details the Group's sensitivity to 5% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit if New Taiwan dollars strengthened (weakened) 5% against the relevant currency.

	For the Year Ended December 31	
	2013	**2012**
USD	$ 161,434	$ (71,773)
RMB	(437,109)	(275,755)
HKD	314,103	441,507
VND	26,013	(13,762)
IDR	(26,263)	(11,817)

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward exchange rate contracts.

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

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Cash flow interest rate risk			
Financial liabilities	$ 66,838,041	$ 70,860,397	$ 74,050,522

Sensitivity analysis

The sensitivity analyses below were based on the Group's floating rate liabilities. The analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. If 1% increase in interest rate would cause the Group to increase its cash-out by $668,380 thousand and $708,604 thousand, respectively, during 2013 and 2012.

c) Other - price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds. The investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Sensitivity analysis

If market rate declined by 1%, the fair value of the investments at December 31, 2013 and 2012 would have declined by $247,533 thousand and $207,856 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The risk factors include centralization of credit, components, contract figure, and accounts receivable. The Group requires significant clients to provide guarantees or other rights to reduce credit risk of the Group effectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2013, December 31, 2012 and January 1, 2012, the Group had available unutilized short-term bank loan facilities set out in (c) below.

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

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

December 31, 2013

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 18,693,606	$ 7,786,167	$ 7,172,144	$ 143,674	$ 202,734
Variable interest rate liabilities	0.93	8,458,391	6,765,979	7,437,398	25,941,500	488,000
Fixed interest rate liabilities	0.91	1,156,434	-	-	-	-
Financial guarantee contracts	-	2,742,060	-	-	-	-
		$ 31,050,491	$ 14,552,146	$ 14,609,542	$ 26,085,174	$ 690,734

December 31, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 17,565,737	$ 10,474,421	$ 3,864,855	$ 572,271	$ 11,809
Variable interest rate liabilities	1.48	20,697,737	568,429	10,892,830	36,978,086	-
Fixed interest rate liabilities	0.75	1,983,432	-	-	-	-
Financial guarantee contracts	-	3,174,130	-	-	-	7,500,000
		$ 43,421,036	$ 11,042,850	$ 14,757,685	$ 37,550,357	$ 7,511,809

January 1, 2012

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities						
Non-interest bearing	-	$ 22,289,784	$ 7,299,460	$ 2,037,431	$ 43,224	$ 12,295
Variable interest rate liabilities	1.10	11,382,996	1,398,349	10,647,813	50,187,835	-
Fixed interest rate liabilities	1.46	747,096	-	-	-	-
Financial guarantee contracts	-	3,954,853	-	-	-	7,500,000
		$ 38,374,729	$ 8,697,809	$ 12,685,244	$ 50,231,059	$ 7,512,295

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

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

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

December 31, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swaps contracts	$ -	$ -	$ 2,480	$ 15,152	$ -
Exchange rate option contracts	-	-	2,798	-	-
	$ -	$ -	$ 5,278	$ 15,152	$ -

December 31, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swaps contracts	$ -	$ -	$ 5,430	$ 26,240	$ -
Forward exchange contracts	2,666	511	-	-	-
Cross-currency swap contracts	-	-	2,569	-	-
Exchange rate option contracts	-	797	-	8,769	-
	$ 2,666	$ 1,308	$ 7,999	$ 35,009	$ -

January 1, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swaps contracts	$ -	$ -	$ -	$ 50,841	$ -
Forward exchange contracts	18,020	58,447	159,863	168,450	-
Exchange rate option contracts	-	13	1,004	26,292	-
	$ 18,020	$ 58,460	$ 160,867	$ 245,583	$ -

c) Financing facilities

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank facility, reviewed annually and payable at call:			
Amount used	$ 61,156,398	$ 71,017,518	$ 72,803,698
Amount unused	20,364,630	21,464,695	30,646,747
	$ 81,521,028	$ 92,482,213	$ 103,450,445
Secured bank facility:			
Amount used	$ 488,000	$ -	$ 1,343,115
Amount unused	-	-	-
	$ 488,000	$ -	$ 1,343,115

39. TRANSACTIONS WITH RELATED PARTIES

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

a. Trading transactions

	For the Year Ended December 31	
	2013	**2012**
Sales		
Associates and joint ventures	$ 360,568	$ 597,962
Others	60,717	133,871
	$ 421,285	$ 731,833
Purchases		
Associates and joint ventures	$ 7,044,763	$ 10,393,912

Sales to related parties and purchases from related parties have prices and payment terms that have no significant differences with non-related parties.

Accounts receivable from related parties at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Associates and joint ventures	$ 199,600	$ 149,583	$ 645,647
Others	15,483	43,599	103,115
	$ 215,083	$ 193,182	$ 748,762

Accounts payable to affiliates at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Associates and joint ventures	$ 1,552,549	$ 1,595,603	$ 1,949,288

b. Property guarantees

The Company has provided 820,000 thousand shares of Ruen Chen as collateral of the long-term loans made by Ruen Chen as of December 31, 2012 and January 1, 2012. The maximum amount guaranteed by Pou Chen was set at $7,500,000 thousand.

c. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2013	2012
Short-term employee benefits	$ 186,309	$ 260,505
Post-employment benefits	1,804	1,739
	$ 188,113	$ 262,244

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

40. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and operation:

	December 31, 2013	December 31, 2012	January 1, 2012
Debt investmtnet with no active market	$ 40,549	$ 25,864	$ 470,330
Investment accounted for using equity method	-	7,500,000	7,500,000
Property, plant and equipment	-	-	117,104
Investment properties	657,296	-	1,426,222
Long-term prepayment for lease	-	-	515,038
	$ 697,845	$ 7,525,864	$ 10,028,694

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Letters of credit

1) Outstanding letters of credit of the Group at the end of reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
USD	$ 2,900,650	$ 2,953,457	$ 225,401
EUR	489,994	397,197	-
HKD	67,747,059	-	-
IDR	7,467,389,037	-	-

2) Because of the Company’s investment in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd., the Company received a request by the Insurance Bureau of the FSC for the Company to provide 61,295 thousand ordinary shares of Yue Yuen in the custody of the Trust Department of Mega International Commercial Bank during the period from June 27, 2011 to June 27, 2021.

b. As at December 31, 2013, the Group had guaranteed the payments of credit of related parties which amounted to $2,766,317 thousand as follows:

Related Parties	Amount for Associates
Guaranteed by Yue Yuen	
Hua Jian Industrial Holding Co., Ltd.	$ 611,003
Cohen Enterprises Inc.	745,125
Ka Yuen Rubber Factory Ltd.	116,927
Bandwidth Trading Ltd.	37,256
Pt Ka Yuen Indonesia	29,805
Din Tsun Holding Co., Ltd.	29,805
Jumbo Power Enterprises Ltd.	149,025
Vietnam Tiong Liong Industrial Co., Ltd.	33,634
Pine Wood Industries Ltd.	199,395
Oftenrich Holdings Ltd.	301,776
Pro Kingtex Industrial Co (HK) Ltd.	130,397
Shaanxi Jixian Longyue Sporting Goods Company Ltd.	131,624
Prosperous Industrial (Holdings) Ltd.	235,642
Full Pearl International Ltd.	14,903
	$ 2,766,317

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

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

(Units: In Thousand of Foreign Currency/in Thousands of New Taiwan Dollars)

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 72,031	29.805	$ 2,146,897
NTD	261,867	1	261,867
RMB	2,040,868	4.889	9,977,802
HKD	65,720	3.843	252,562
VND	328,271,069	0.00137	449,731
IDR	280,571,759	0.00243	681,789
Non-monetary items			
USD	454	29.805	13,523
NTD	342,042	1	342,042
HKD	194,187	3.843	746,260

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 180,387	29.805	$ 5,376,431
NTD	1,259,972	1	1,259,972
RMB	249,438	4.889	1,219,501
HKD	1,701,680	3.843	6,539,555
VND	699,873,613	0.00137	958,827
IDR	61,707,389	0.00243	149,949

(Concluded)

December 31, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 166,302	29.04	$ 4,829,424
NTD	122,404	1	122,404
RMB	1,751,474	4.66	8,161,869
HKD	131,947	3.747	494,404
VND	681,422,003	0.00135	919,920
IDR	164,895,446	0.00303	499,633
Non-monetary items			
NTD	167,422	1.00	167,422
HKD	236,848	3.747	887,469
Financial liabilities			
Monetary items			
USD	116,876	29.04	3,394,087
NTD	888,524	1	888,524
RMB	567,978	4.66	2,646,777
HKD	2,492,943	3.747	9,341,057
VND	484,817,422	0.00135	654,504
IDR	86,113,663	0.00303	260,924
Non-monetary items			
USD	88	29.04	2,556

January 1, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 88,350	30.275	$ 2,674,783
NTD	444,266	1	444,266
RMB	1,751,328	4.807	8,418,634
HKD	191,606	3.897	746,691
VND	655,522,364	0.00139	911,176
IDR	165,732,964	0.00334	553,548
Non-monetary items			
NTD	526,730	1	526,730
RMB	5,908	4.807	28,399
HKD	186,585	3.897	727,121
Financial liabilities			
Monetary items			
USD	69,577	30.275	2,106,446
NTD	791,516	1	791,516
RMB	526,254	4.807	2,529,701
HKD	2,778,060	3.897	10,826,100
VND	195,001,493	0.00139	271,052
IDR	87,380,539	0.00334	291,851

43. SEGMENT INFORMATION

a. Information about reportable segments

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

1) Manufacturing of footwear and apparel
2) Retailing of sportswear and brand licensing business
3) Others

b. Segment revenues and results

The Group's revenue and results by reportable segment were as follows:

Year ended December 31, 2013

	Manufacturing of Footwear and Apparel	Retailing of Sportswear and Brand Licensing Business	Others	Total
Revenues from external customers	$ 174,263,841	$ 51,248,679	$ 1,152,049	$ 226,664,569
Segment income	$ 23,338,749	$ 1,741,943	$ 539,713	$ 25,620,405
Administrative and director's salaries expenses				(15,521,416)
Rental income				336,034
Interest income				337,820
Dividend income				545,546
Other income				2,361,529
Net loss on disposal of property, plant and equipment				(424,698)
Net gain on foreign currency exchange				767,013
Net gain on disposal of subsidiaries, associates and joint ventures				1,228,802
Net gain on disposal of available-for-sale financial assets				25,483
Net loss on disposal of financial assets measured at cost				(10,269)
Net gain arising on financial assets designed as at FVTPL				720,237
Net gain arising on financial liabilities as at FVTPL				84,984
Impairment loss				(876,641)
Other loss				(189,933)
Finance costs				(1,250,172)
Share of profit of associates and joint venture				4,977,369
Net income before income tax				$ 18,732,093

Year ended December 31, 2012

	Manufacturing of Footwear and Apparel	Retailing of Sportswear and Brand Licensing Business	Others	Total
Revenues from external customers	$ 210,950,453	$ 60,705,042	$ 4,452,174	$ 276,107,669
Segment income	$ 31,290,425	$ 1,986,399	$ 1,942,191	$ 35,219,015
Administrative and director's salaries expenses				(19,250,908)
Rental income				402,145
Interest income				485,677

(Continued)

	Manufacturing of Footwear and Apparel	Retailing of Sportswear and Brand Licensing Business	Others	Total
Dividend income				$ 449,086
Other income				1,814,397
Net gain on disposal of property, plant and equipment				5,109
Net gain on foreign currency exchange				786,274
Net gain on disposal of subsidiaries, associates and joint ventures				258,855
Net loss on disposal of available-for-sale financial assets				(40,580)
Net loss on disposal of financial assets measured at cost				(1,933)
Net loss arising on financial assets designed as at FVTPL				(378,310)
Net gain arising on financial liabilities as at FVTPL				412,166
Impairment loss				(2,048,198)
Other loss				(436,474)
Finance costs				(1,867,753)
Share of profit of associates and joint venture				4,948,209
Net income before income tax				$ 20,756,777

(Concluded)

1) Sales between segments were made at market price.

2) Segment profit represented the profit before tax earned by each segment without allocation of administration costs and directors' salaries, rental income, interest income, dividend income, other income, net gain on foreign currency exchange, net gain or loss on disposal of property, plant and equipment, gain on disposal of subsidiaries, joint venture and associates, net gain or loss on disposal of available-for-sale financial assets, gain or loss on financial instruments, impairment loss, other loss, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

c. Geographical information

The Group's revenues from continuing operations from external customers by location of operations were detailed below.

	Revenues from External Customers For the Year Ended December 31 2013	2012
Asia	$ 96,443,026	$ 119,571,126
USA	79,924,529	94,696,447
Europe	44,570,384	54,881,656
Others	5,726,630	6,958,440
	$ 226,664,569	$ 276,107,669

d. Information about major customers

Revenues recognized from manufacturing of footwear and apparel in 2013 and 2012, amounted to $174,263,841 thousand and $210,950,453 thousand, respectively. Except as detailed in the following table, no other single customer contributed 10% or more to the Group's revenue in 2013 and 2012.

	For the Year Ended December 31			
	2013		2012	
	Amount	% of Total	Amount	% of Total
Customers A	$ 49,400,952	22	$ 61,210,017	22
Customers B	35,187,462	16	43,661,220	16
	$ 84,588,414	38	$ 104,871,237	38

44. FIRST-TIME ADOPTION OF IFRSs

Basis of the Preparation for Financial Information under IFRSs

The Group's consolidated financial statements for the year ended December 31, 2013 were the first IFRS financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

Impact on the Transition to IFRSs

After transition to IFRSs, the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follows:

a. Reconciliation of consolidated balance sheet as of January 1, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
Item	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Item	Note
Current assets					Current assets	
Cash and cash equivalents	$ 25,276,926	$ (91,867)	$ -	$ 25,185,059	Cash and cash equivalents	2) a)
Financial assets at fair value through profit or loss, current	714,547	-	-	714,547	Financial assets at fair value through profit or loss, current	
Available-for-sale financial assets, current	10,745,285	-	-	10,745,285	Available-for-sale financial assets, current	
Financial assets carried at cost, current	28,399	-	-	28,399	Financial assets carried at cost, current	
-	-	156,471	-	156,471	Debt investments with no active market, current	2) a)
Notes and accounts receivable	23,198,380	-	-	23,198,380	Notes and accounts receivable	
Notes and accounts receivable from affiliates	748,762	-	-	748,762	Notes and accounts receivable from related parties	
Other receivables	3,882,001	-	-	3,882,001	Other receivables	
Inventories	37,492,999	(1,426,222)	-	36,066,777	Inventories	2) b)
-	-	163,576	-	163,576	Prepayment for lease	2) c)
Noncurrent assets classified as held for sale	3,170,549	-	-	3,170,549	Noncurrent assets classified as held for sale	
Other current assets	7,167,596	(67,384)	-	7,100,212	Other current assets	2) d)
Total current assets	112,425,444	(1,265,426)	-	111,160,018	Total current assets	
Funds and long-term investments					Noncurrent assets	
Financial assets at fair value through profit or loss, noncurrent	677,040	-	-	677,040	Financial assets at fair value through profit or loss, noncurrent	
Available-for-sale financial assets, noncurrent	460,759	-	-	460,759	Available-for-sale financial assets, noncurrent	
Financial assets carried at cost, noncurrent	822,120	-	-	822,120	Financial assets carried at cost, noncurrent	
Investments accounted for by the equity method	40,988,524	-	(175,386)	40,813,138	Investments accounted for by the equity method	2) e)

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Presentation Difference	Effect of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
Investments in real estate	$ 186,123	$ (186,123)	$ -	$ -	-	2) b)
Prepayments for investment	131,575	-	-	131,575	Prepayments for investment	
Total funds and long-term investments	43,266,141	(186,123)	(175,386)	42,904,632		
Property, plant and equipment						
Land	2,182,938	321,974	-	2,504,912		2) f)
Buildings and improvements	54,470,445	(874,746)	-	53,595,699		2) b)
Machinery and equipment	41,827,446	62,083	-	41,889,529		2) g)
Transportation equipment	1,391,336	-	-	1,391,336		
Furniture, fixtures and office equipment	6,594,422	-	-	6,594,422		
Other equipment	150,915	25,651	-	176,566		2) h)
Revaluation increment	293,323	(293,323)	-	-		
Cost and revaluation increment	106,910,825	(758,361)	-	106,152,464		
Less accumulated depreciation	(47,465,693)	339,121	-	(47,126,572)		2) b), 2) g) and 2) h)
Less accumulated impairment	(7,150)	(1,474)	-	(8,624)		2) i)
Construction in progress and prepayments for equipment	4,672,257	(460,172)	-	4,212,085		2) h)
Property, plant and equipment, net	64,110,239	(880,886)	-	63,229,353	Property, plant and equipment, net	
-	-	2,201,802	-	2,201,802	Investment property	2) b)
Intangible assets						
Goodwill	7,831,554	-	-	7,831,554	Goodwill	
Other intangible assets	9,352,235	(5,963,164)	-	3,389,071	Other intangible assets	2) c)
Total intangible assets	17,183,789	(5,963,164)	-	11,220,625		
Other assets						
Leased-out assets	779,310	(779,310)	-	-	-	2) b) and 2) c)
-	-	405,726	-	405,726	Debt investment with no active market, noncurrent	
Deferred charges	710,641	(710,641)	-	-	-	2) h)
-	-	6,491,856	-	6,491,856	Long-term prepayments for lease	2) c)
Deferred income tax assets, noncurrent	218,562	2,780	-	221,342	Deferred income tax assets	2) d)
Others	1,018,194	607,296	(5,268)	1,620,222	Others	2) b) and 2) f)-2) j)
Total other assets	2,726,707	6,017,707	(5,268)	8,739,146		
Total	$ 239,712,320	$ (76,090)	$ (180,654)	$ 239,455,576	Total	
Current liabilities					Current liabilities	
Short-term loans	$ 18,972,990	$ -	$ -	$ 18,972,990	Short-term loans	
Short-term bills payable	2,818,143	-	-	2,818,143	Short-term bills payable	
Financial liabilities at fair value through profit or loss, current	448,579	-	-	448,579	Financial liabilities at fair value through profit or loss, current	
Hedging derivative liabilities, current	22,901	-	-	22,901	Hedging derivative liabilities, current	
Notes and accounts payable	14,418,406	-	-	14,418,406	Notes and accounts payable	
Notes and accounts payable to affiliates	1,949,288	-	-	1,949,288	Notes and accounts payable to related parties	
Income tax payable	1,054,772	-	-	1,054,772	Income tax payable	
Other payables	15,216,504	-	59,002	15,275,506	Other payables	
Progressive billings in excess of construction in progress	59,260	-	-	59,260	Progressive billings in excess of construction in progress	
-	-	-	59,002	59,002	Provision, current	2) k)
Current portion of long-term liabilities	3,354,105	-	-	3,354,105	Current portion of long-term liabilities	
Noncurrent liabilities classified as held for sale	1,167,101	-	-	1,167,101	Noncurrent liabilities classified as held for sale	
Other current liabilities	2,958,333	(461,366)	-	2,496,967	Other current liabilities	2) d)
Total current liabilities	62,440,382	(461,366)	59,002	62,038,018	Total current liabilities	
Long-term liabilities					Noncurrent liabilities	
Hedging derivative liabilities, noncurrent	11,450	-	-	11,450	Hedging derivative liabilities, noncurrent	
Long-term debt	48,981,374	(76,090)	-	48,905,284	Long-term debt	2) h)
Long-term payable	49,103	-	-	49,103	Long-term payable	
Total long-term liabilities	49,041,927	(76,090)	-	48,965,837		
Reserve for land value increment tax	86,547	(86,547)	-	-	-	2) l)
Other liabilities						
Accrued pension cost	779,728	-	310,431	1,090,159	Accrued pension cost	2) j)
Deferred income tax liability, noncurrent	1,041,884	547,913	-	1,589,797	Deferred income tax liability	2) d) and 2) l)
Others	18,297	-	-	18,297	Others	
Total other liabilities	1,839,909	547,913	310,431	2,698,253		
Total liabilities	113,408,765	(76,090)	369,433	113,702,108	Total liabilities	
Equity attributable to stockholders of the parent					Equity attributable to owners of the parent	
Capital stock	29,241,469	-	-	29,241,469	Capital stock	
Capital surplus					Capital surplus	
Additional paid-in capital of common stock	812,890	-	-	812,890	Additional paid-in capital of common stock	
Additional paid-in capital of bonds conversion	1,447,492	-	-	1,447,492	Additional paid-in capital of bonds conversion	
Treasury stock	1,575,523	-	-	1,575,523	Treasury stock	
Long-term equity investments	4,720,416	-	(4,720,416)	-	-	2) e)
Retained earnings	22,895,905	134,641	1,523,458	24,554,004	Retained earnings	1), 2) e) and 2) j)-2) m)

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Presentation Difference	Effect of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
Other equity					Other equity	
Cumulative translation adjustments	$ (2,154,982)	$ -	$ 2,154,982	$ -	Exchange difference on translation foreign operations	2) m)
Net loss not recognized as pension cost	(114,235)	-	114,235	-	-	2) j)
Unrealized loss on financial instruments	(993,798)	-	52,952	(940,846)	Unrealized loss on available-for-sale financial assets	2) e) and 2) n)
Unrealized revaluation increment	134,641	(134,641)	-	-	-	2) l)
Treasury stock	(155,375)	-	(39,414)	(194,789)	Treasury stock	2) n)
Equity attributable to stockholders of the parent	57,409,946	-	(914,203)	56,495,743	Equity attributable to stockholders of the parent	
Minority interest	68,893,609	-	364,116	69,257,725	Noncontrolling interests	2) e)
Total stockholders' equity	126,303,555	-	(550,087)	125,753,468	Total equity	
Total	$ 239,712,320	$ (76,090)	$ (180,654)	$ 239,455,576	Total	

(Concluded)

1) Special reserve at date of transition to IFRSs

Under Rule No. 1010012865 issued by the FSC on April 6, 2012, the Company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the exemptions under IFRS 1. Following the above mentioned rule, the Company reclassified to special reserve the amount of $134,641 thousand representing the unrealized revaluation increments of $134,641 thousand.

2) The descriptions of material reconciliation items on IFRSs transition from ROC GAAP as of January 1, 2012 were as follows:

a) The classification of time deposit with maturities over three months

Under ROC GAAP, time deposits which would be cancellable but without any loss of principal are classified as "cash". Under IFRSs, time deposit with no quoted prices in an active market shall be classified as "debt investments with no active market". Following the above rule, the amount reclassified from cash to debt investments with no active market was $91,867 thousand.

b) The classification of investment property

Under ROC GAAP, the leased-out assets are classified as "property, plant and equipment" or "other assets". Under IFRSs, property held by the owner to earn rentals, or for capital appreciation, or both is classified as "investment property". Following the above rule, the Group reclassified to investment property the amount of $2,201,802 thousand, consisting of land for development of $1,426,222 thousand, investments in real estate of $186,123 thousand, property, plant and equipment of $497,161 thousand, leased-out assets of $87,042 thousand and other assets of $5,254 thousand.

c) The classification of land-use rights

Under ROC GAAP, land-use rights are recorded as "intangible assets". Under IFRSs, land-use rights should be recorded as "prepayment" in accordance with IAS No. 17 "Lease". Following the above rule, the amounts reclassified from "other intangible assets" and "leased-out assets" to "prepayment" were $5,963,164 thousand and $692,268 thousand, respectively, consisting of current portion of $163,576 thousand, and noncurrent portion of $6,491,856 thousand.

d) The classification of deferred tax assets and liabilities

Under ROC GAAP, a deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or noncurrent based on the expected length of time before it is realized or settled. Under IFRSs, a deferred tax asset or liability is classified as noncurrent asset or liability. Following the above rule, deferred income tax asset reclassified from current to noncurrent was $2,780 thousand; deferred income tax liability reclassified from current to noncurrent was $461,366 thousand.

Under ROC GAAP, if the available evidence indicates the probability that a portion or all of the deferred tax assets will not be realized, then an appropriate amount of valuation allowance should be provided. Under IFRSs, allowance for deferred tax asset is not allowed.

e) Adjustment to capital surplus

In addition, if the investing company subscribes for additional shares of an investee at a percentage different from its existing ownership percentage that results in a decrease in the investing company's holding percentage in the investee, the resulting carrying amount of the investment in the investee differs from the amount of its share in the investee's equity. Under ROC GAAP, the investing company records such a difference as an adjustment to long-term investments with the corresponding amount charged or credited to "capital surplus". Under IFRSs, such transaction is deemed a disposal, and aforementioned difference is recognized in earnings accordingly.

On the date of transition to IFRSs, the capital surplus which does not qualify in the definition of IFRSs or Company Art should be adjusted.

Following the above rule, the IFRS-adoption adjustments decreased the investments accounted for by the equity method by $175,386 thousand capital surplus by $4,720,416 thousand, and increased retained earnings by $4,167,376 thousand, unrealized gain or loss on available-for-sale financial assets by $13,538 thousand and noncontrolling interests by $364,116 thousand.

f) The classification of land held by trustee

Under ROC GAAP, land held by trustee is recorded as "other assets". Under IFRSs, land held by trustee should be recorded as "property, plant and equipment" according to their nature. Following the above rule, the amount reclassified from other assets to property, plant and equipment was $73,713 thousand.

g) The classification of idle assets

Under ROC GAAP, idle assets are classified under "other assets". Under IFRSs, idle assets are classified as "property, plant and equipment" according to their nature. Following the above rule, the amounts reclassified from other assets to property, plant and equipment, were the cost of $62,083 thousand, accumulated depreciation of $60,609 thousand, and accumulated impairment of $1,474 thousand.

h) The classification of deferred charges

Under ROC GAAP, deferred charges are classified under “other assets”. Under IFRSs, deferred charges are classified as “prepayment” according to their nature. Following the above rule, adjustments decreased deferred charges by $710,641 thousand and long-term debts by $76,090 thousand, respectively, and increased property, plant and equipment by $2,734 thousand and long-term prepayment (recorded under “other assets”) by $631,817 thousand.

i) The classification of prepayments for equipment

Under ROC GAAP, prepayments for equipment are classified under “property, plant and equipment”. Under IFRSs, prepayments for equipment are classified as “long-term prepayment” according to their nature. Following the above rule, the amount reclassified from property, plant and equipmen to long-term prepayment (recorded under “other assets”) was $460,172 thousand.

j) Employee benefits - pension cost

Under ROC GAAP, the Group had previously applied actuarial valuation on its defined benefit obligation and recognized the related pension cost and retirement benefit obligation. Under IFRSs, the above-mentioned unrecognized transition obligation should be recognized as deduction of retained earnings.

In addition, under ROC GAAP, the actuarial gains and losses should be accounted for under the corridor approach which resulted in the deferral of gains and losses. When using the corridor approach, actuarial gains and losses should be amortized over the expected average remaining working lives of the participating employees. Under IFRSs, the Group elects to recognize actuarial gains and losses immediately in full in the period in which they occur, as other comprehensive income in accordance with IAS No. 19, “Employee Benefits”.

Under ROC GAAP, the excess of the accumulated benefit obligation over the pension plan assets at the balance sheet date would be recognized as minimum pension liability. On the date of transition to IFRSs, the above-mentioned minimum pension liability should be reversed.

Following the above-mentioned rule, the IFRS-adoption adjustments decreased deferred pension cost by $5,268 thousand, net loss not recognized as pension cost by $114,235 thousand, and retained earning by $429,934 thousand, and accrued pension cost increased by $310,431 thousand.

k) Employee benefits - accumulating compensated absences

Under ROC GAAP, there was no accounting standard for accumulating compensated absences. Under IFRSs, accumulating compensated absences are recognized as salary expense attributing to services rendered by employees during that period. Following the above rule, payable for annual leave (recorded under “other payable”) was adjusted for an increase of $59,002 thousand, retained earnings was adjusted for a decrease of $59,002 thousand.

l) Revaluation of property, plant and equipment

Under ROC GAAP, the Group recorded land value increment to reflect the appraised value published by the government. Reserve for land value increment tax, payable upon sale of land, is presented under “reserve for land value increment tax”. Under IFRSs, the Group elected to use ROC GAAP revaluation of some items of property as deemed cost, and the unrealized revaluation increment was deemed zero at the date of transition to IFRSs.

Following the above-mentioned rule, the Group reclassified to retained earnings the amount of $134,641 thousand, consisting of "unrealized revaluation increment" of $134,641 thousand. The IFRS-adoption adjustments to "reserve for land value increment tax", in the amount of $86,547 thousand was reclassified to "deferred income tax, noncurrent".

m) Cumulative translation adjustments

The Company's cumulative translation differences for all foreign operations were deemed zero at the date of transition to IFRSs, and the cumulative translation differences were recognized in retained earnings on that date. Following the above rule, the Company reclassified to retained earnings the amount of $2,154,982 thousand, consisting of cumulative translation adjustments of $2,154,982 thousand.

n) Treasury stocks

Under ROC GAAP, if a subsidiary holds its parent`s stocks, the parent should account for the stocks as treasury stocks. In the first-time adoption of SFAS No. 30, the recorded cost of the stock is based on its carrying value as of January 1, 2012. Under IFRSs, the amounts of treasury stock should be recorded on the original cost of stock. Following the above rule, the IFRS-adoption adjustments increased treasury stocks by $39,414 thousand and unrealized gain or loss on available-for-sale financial assets by $39,414 thousand.

b. Reconciliation of consolidated balance sheet as at December 31, 2012

ROC GAAP		Effect of Transition to IFRSs		IFRSs		
Item	Amount	Presentation Difference	Recognition and Measurement Difference	Amount	Item	Note
Current assets					Current assets	
Cash and cash equivalents	$ 29,372,266	$ (517,641)	$ -	$ 28,854,625	Cash and cash equivalents	2) a)
Financial assets at fair value through profit or loss, current	618,282	-	-	618,282	Financial assets at fair value through profit or loss, current	
Available-for-sale financial assets, current	12,119,802	-	-	12,119,802	Available-for-sale financial assets, current	
-	-	517,641	-	517,641	Debt investments with no active market, current	2) a)
Notes and accounts receivable	28,087,586	-	-	28,087,586	Notes and accounts receivable	
Notes and accounts receivable from affiliates	193,182	-	-	193,182	Notes and accounts receivable from related parties	
Other receivables	3,756,199	-	-	3,756,199	Other receivables	
Inventories	39,059,387	(657,296)	-	38,402,091	Inventories	2) b)
-	-	157,629	-	157,629	Prepayment for lease	2) c)
Long-term equity investments as held for sale	48,613	-	-	48,613	Noncurrent assets as held for sale	
Other current assets	7,110,132	(1,700)	-	7,108,432	Other current assets	2) d)
Total current assets	120,365,449	(501,367)	-	119,864,082	Total current assets	
Funds and long-term investments					Noncurrent assets	
Financial assets at fair value through profit or loss, noncurrent	27,177	-	-	27,177	Financial assets at fair value through profit or loss, noncurrent	
Available-for-sale financial assets, noncurrent	515,195	-	-	515,195	Available-for-sale financial assets, noncurrent	
Financial assets carried at cost, noncurrent	850,089	-	-	850,089	Financial assets carried at cost, noncurrent	
Investments accounted for by the equity method	40,126,284	-	(286,811)	39,839,473	Investments accounted for by the equity method	2) e)
Investments in real estate	298,437	(298,437)	-	-	-	2) b)
Total funds and long-term investments	41,817,182	(298,437)	(286,811)	41,231,934		
Property, plant and equipment						
Land	2,223,693	321,974	-	2,545,667		2) f)
Buildings and improvements	59,293,541	(709,079)	-	58,584,462		2) b)
Machinery and equipment	41,138,084	6,293	-	41,144,377		2) b)
Transportation equipment	1,394,557	-	-	1,394,557		
Furniture, fixtures and office equipment	6,740,845	-	-	6,740,845		
Other equipment	208,658	24,220	-	232,878		2) g)
Revaluation increment	293,323	(293,323)	-	-		
Cost and revaluation increment	111,292,701	(649,915)	-	110,642,786		
Less accumulated depreciation	(51,073,187)	301,648	-	(50,771,539)		2) b) and 2) g)
Less accumulated impairment	(6,685)	-	-	(6,685)		
Construction in progress and prepayments for equipment	1,850,629	(339,710)	-	1,510,919		2) h)
Property, plant and equipment, net	62,063,458	(687,977)	-	61,375,481	Property, plant and equipment, net	
-	-	1,481,943	-	1,481,943	Investment property	2) b)
Intangible assets						
Goodwill	8,380,759	-	-	8,380,759	Goodwill	
Other intangible assets	9,400,538	(5,505,895)	-	3,894,643	Other intangible assets	2) c)
Total intangible assets	17,781,297	(5,505,895)	-	12,275,402		

(Continued)

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Presentation Difference	Effect of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
Other assets						
Leased-out assets	$ 736,926	$ (736,926)	$ -	$ -	-	2) b) and 2) c)
-	-	25,864	-	25,864	Debt investment with no active market, noncurrent	
Deferred charges	599,895	(599,895)	-	-	-	2) g)
-	-	5,987,930	-	5,987,930	Long-term prepayments for lease	2) c)
Deferred income tax assets, noncurrent	272,705	1,700	-	274,405	Deferred income tax assets	2) d)
Others	423,438	778,258	(6,414)	1,195,282	Others	2) b) and 2) f), 2) i)
Total other assets	2,032,964	5,456,931	(6,414)	7,483,481		
Total	$ 244,060,350	$ (54,802)	$ (293,225)	$ 243,712,323	Total	
Current liabilities					Current liabilities	
Short-term loans	$ 15,662,647	$ -	$ -	$ 15,662,647	Short-term loans	
Short-term bills payable	2,465,191	-	-	2,465,191	Short-term bills payable	
Financial liabilities at fair value through profit or loss, current	41,552	-	-	41,552	Financial liabilities at fair value through profit or loss, current	
Hedging derivative liabilities, current	5,430	-	-	5,430	Hedging derivative liabilities, current	
Notes and accounts payable	10,655,846	-	-	10,655,846	Notes and accounts payable	
Notes and accounts payable to affiliates	1,595,603	-	-	1,595,603	Notes and accounts payable to related parties	
Income tax payable	1,196,063	-	-	1,196,063	Income tax payable	
Other payables	19,584,324	-	59,900	19,644,224	Other payables	2) j)
Current portion of long-term liabilities	15,978,798	-	-	15,978,798	Current portion of long-term liabilities	
Other current liabilities	3,963,351	(678,727)	-	3,284,624	Other current liabilities	2) b)
Total current liabilities	71,148,805	(678,727)	59,900	70,529,978	Total current liabilities	
Long-term liabilities					Noncurrent liabilities	
Long-term debt	36,808,563	(54,802)	-	36,753,761	Long-term debt	
Long-term payable	581,991	-	-	581,991	Long-term payable	
Total long-term liabilities	37,390,554	(54,802)	-	37,335,752		
Reserve for land value increment tax	86,547	(86,547)	-	-	-	2) k)
Other liabilities						
Accrued pension cost	954,581	-	332,084	1,286,665	Accrued pension cost	2) i)
Deferred income tax liability, noncurrent	1,226,853	765,274	-	1,992,127	Deferred income tax liability	2) d) and 2) k)
Others	22,929	-	-	22,929	Others	
Total other liabilities	2,204,363	765,274	332,084	3,301,721		
Total liabilities	110,830,269	(54,802)	391,984	111,167,451	Total liabilities	
Equity attributable to stockholders of the parent					Equity attributable to owners of the parent	
Capital stock	29,431,849	-	-	29,431,849	Capital stock	
Capital Surplus					Capital Surplus	
Additional paid-in capital of common stock	817,690	-	-	817,690	Additional paid-in capital of common stock	
Additional paid-in capital of bonds conversion	1,447,492	-	-	1,447,492	Additional paid-in capital of bonds conversion	
Treasury stock	1,591,414	-	-	1,591,414	Treasury stock	
Long-term equity investments	5,183,852	-	(4,742,343)	441,509	Acquisition or disposal of interest in subsidiaries investments	2) e)
Retained earnings	29,228,074	134,641	1,321,196	30,683,911	Retained earnings	1), 2) e) and 2) i)-2) l)
Other equity					Other equity	
Cumulative translation adjustments	(4,001,864)	-	2,158,245	(1,843,619)	Exchange difference on translation foreign operations	2) e) and 2) l)
Net loss not recognized as pension cost	(259,786)	-	259,786	-	-	2) i)
Unrealized loss on financial instruments	(173,440)	-	(8,715)	(182,155)	Unrealized loss on available-for-sale financial assets	2) e) and 2) m)
Unrealized revaluation increment	134,641	(134,641)	-	-	-	2) k)
Treasury stock	(153,449)	-	(35,279)	(188,728)	Treasury stock	2) m)
Equity attributable to stockholders of the parent	63,246,473	-	(1,047,110)	62,199,363	Equity attributable to stockholders of the parent	
Minority interest	69,983,608	-	361,901	70,345,509	Noncontrolling interests	2) e) and 2) i)
Total stockholders' equity	133,230,081	-	(685,209)	132,544,872	Total equity	
Total	$ 244,060,350	$ (54,802)	$ (293,225)	$ 243,712,323	Total	

(Concluded)

c. Reconciliation of the income consolidated statement for the year ended December 31, 2012

ROC GAAP Item	ROC GAAP Amount	Effect of Transition to IFRSs: Presentation Difference	Effect of Transition to IFRSs: Recognition and Measurement Difference	IFRSs Amount	IFRSs Item	Note
Sales revenues	$ 276,107,669	$ -	$ -	$ 276,107,669	Operating revenues	
Cost of goods sold	210,876,766	(48,282)	-	210,828,484	Operating cost	2) n)
Gross profit	65,230,903	48,282	-	65,279,185	Gross profit	
Operating expenses					Operating expenses	
Selling expenses	22,827,783	-	-	22,827,783	Selling expenses	
General and administrative expenses	19,276,157	-	(25,249)	19,250,908	General and administrative expenses	2) i) and 2) j)
Research and development expenses	7,232,387	-	-	7,232,387	Research and development expenses	
Total operating expenses	49,336,327	-	(25,249)	49,311,078	Total operating expenses	
Income from operations	15,894,576	48,282	25,249	15,968,107	Income from operations	
Non-operating income					Nonoperating income	
Interest income	485,677	-	-	485,677	Interest income	
Investment income recognized under equity method	4,935,069	-	13,140	4,948,209	Share of profit of associate and joint venture	2) e)
Dividend income	449,086	-	-	449,086	Dividend income	
Gain on disposal of property, plant and equipment and lease-out assets	48,080	-	-	48,080	Gain on disposal of property, plant and equipment	
Gain on disposal of investments	74,631	-	161,519	236,150	Gain on disposal of subsidiaries, associate and joint venture	2) e)
Foreign exchange gains	786,274	-	-	786,274	Net foreign exchange gains	
Valuation gain on financial liabilities	412,166	-	-	412,166	Net gain arising form financial assets designated as at FVTPL	
Others	2,216,542	-	-	2,216,542	Others	
Total non-operating income	9,407,525	-	174,659	9,582,184	Total nonoperating income	
Non-operating expenses					Nonoperating expenses	
Interest expense	1,867,753	-	-	1,867,753	Finance costs	
Loss on disposal of property, plant and equipment and leased-out assets	42,971	-	-	42,971	Loss on disposal of property, plant and equipment	
Impairment loss	2,048,198	-	-	2,048,198	Impairment loss	
Valuation loss on financial assets	398,118	-	-	398,118	Net loss arising from financial liabilities designated as at FVTPL	
Others	374,812	-	61,662	436,474	Others	2) e)
Total non-operating expenses	4,731,852	-	61,662	4,793,514	Total nonoperating expenses	
Income before income tax	20,570,249	48,282	138,246	20,756,777	Income before income tax	
Income tax expense	(1,630,427)	(48,282)	-	(1,678,709)	Income tax expense	2) n)
Consolidated net income	$ 18,939,822	$ -	$ 138,246	19,078,068	Consolidated net income	
				(2,033,967)	Exchange differences on translating foreign operations	
				1,400,990	Unrealized gain on available-for-sale financial assets	
				28,921	Cash flow hedges	
				(194,496)	Actuarial loss arising from defined benefit plan	
				(739,697)	Share of other comprehensive income of associates and joint venture	
				$ 17,539,819	Total comprehensive income for the year	

1) Special reserve at date of transition to IFRSs

Under Rule No. 1010012865 issued by the FSC on April 6, 2012, the Company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the exemptions under IFRS 1. Following the above mentioned rule, the Company reclassified to special reserve the amount of $134,641 thousand representing the unrealized revaluation increments of $134,641 thousand.

2) The Group should establish accounting policies in compliance with IFRSs. The descriptions of material reconciliation items on IFRSs transition as of December 31, 2012, were as follow:

a) The classification of time deposit with maturities over three months

Under ROC GAAP, time deposits which would be cancellable but without any loss of principal are classified as “cash”. Under IFRSs, time deposit with no quoted prices in an active market shall be classified as “debt investments with no active market, current”. Following the above rule, the amount reclassified from cash to debt investments with no active market, current was $517,641 thousand.

b) The classification of investment property

Under ROC GAAP, the leased-out assets are classified as “property, plant and equipment” or “other assets”. Under IFRSs, property held by the owner to earn rentals, or for capital appreciation, or both is classified as “investment property”. Following the above rule, the Group reclassified to investment property and decreased inventory by $657,296 thousand, investments in real estate by $298,437 thousand, property, plant and equipment by $423,740 thousand, leased-out assets by $97,262 thousand and other assets by $5,208 thousand, and increased investment property by $1,481,943 thousand.

c) The classification of land-use rights

Under ROC GAAP, land-use rights are recorded as “intangible assets”. Under IFRSs, land-use rights should be recorded as “prepayment” in accordance with IAS No. 17, “Lease”. Following the above rule, the amounts reclassified from “other intangible assets” and “leased assets” to “prepayment” were $5,505,895 thousand and $639,664 thousand, consisting of current portion of $157,629 thousand, and noncurrent portion of $5,987,930 thousand.

d) The classification of deferred tax assets and liabilities

Under ROC GAAP, a deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or noncurrent based on the expected length of time before it is realized or settled. Under IFRSs, a deferred tax asset or liability is classified as noncurrent asset or liability. Following the above rule, deferred income tax asset reclassified from current to noncurrent was $1,700 thousand; deferred income tax liability reclassified from current to noncurrent was $678,727 thousand.

Under ROC GAAP, if the available evidence indicates the probability that a portion or all of the deferred tax assets will not be realized, then an appropriate amount of valuation allowance should be provided. Under IFRSs, allowance for deferred tax asset is not allowed.

e) Adjustment to capital surplus

In addition, if the investing company subscribes for additional shares of an investee at a percentage different from its existing ownership percentage that results in a decrease in the investing company’s holding percentage in the investee, the resulting carrying amount of the investment in the investee differs from the amount of its share in the investee’s equity. Under ROC GAAP, the investing company records such a difference as an adjustment to long-term investments with the corresponding amount charged or credited to “capital surplus”. Under IFRSs, such transaction is deemed a disposal, and aforementioned difference is recognized in earnings accordingly.

On the date of transition to IFRSs, the capital surplus which does not qualify in the definition of IFRSs or Company Art should be adjusted.

Following the above rule, as of January 1, 2012 the IFRS-adoption adjustments decreased the investments accounted for by the equity method by $175,386 thousand capital surplus by $4,720,416 thousand, and unrealized loss on financial instruments by $6,594 thousand, and increased retained earnings by $4,167,376 thousand and noncontrolling interests by $384,248 thousand.

As of December 31, 2012 the IFRS-adoption adjustments decreased the investments accounted for using equity method by $111,425 thousand, capital surplus by $21,927 thousand, retained earnings by $69,119 thousand, unrealized gain or loss on available-for-sale financial assets by $57,532 thousand and noncontrolling interest $2,193 thousand, and increased cumulative translation adjustments by $3,263 thousand, gain on disposal of investments by $161,519 thousand, investment income recognized under equity method by $13,140 thousand, other expense by $61,662 thousand and noncontrolling interests income by $76,914 thousand.

f) The classification of land held by trustee

Under ROC GAAP, land held by trustee is recorded as "other assets". Under IFRSs, land held by trustee should be recorded as "property, plant and equipment" according to their nature. Following the above rule, the amount reclassified from other assets to property, plant and equipment was $73,713 thousand.

g) The classification of deferred charges

Under ROC GAAP, deferred charges are classified under "other assets". Under IFRSs, deferred charge are classified as "prepayment" and "property, plant and equipment" according to their nature. Following the above rule, adjustments decreased deferred charges by $599,895 thousand and long-term debt by $54,802 thousand, and increased property, plant and equipment by $1,761 thousand and long-term prepayment (record undrer "other assets") by $543,332 thousand.

h) The classification of prepayments for equipment

Under ROC GAAP, prepayments for equipment are classified under "property, plant and equipment". Under IFRSs, prepayments for equipment are classified as "long-term prepayment" according to their nature. Following the above rule, the amount reclassified from property, plant and equipmen to long-term prepayment (recorded under "other assets") was $339,710 thousand.

i) Employee benefits - pension cost

Under ROC GAAP, the Group had previously applied actuarial valuation on its defined benefit obligation and recognized the related pension cost and retirement benefit obligation. Under IFRSs, the above-mentioned unrecognized transition obligation should be recognized as deduction of retained earnings.

In addition, under ROC GAAP, the actuarial gains and losses should be accounted for under the corridor approach which resulted in the deferral of gains and losses. When using the corridor approach, actuarial gains and losses should be amortized over the expected average remaining working lives of the participating employees. Under IFRSs, the Group elects to recognize actuarial gains and losses immediately in full in the period in which they occur, as other comprehensive income in accordance with IAS No. 19, "Employee Benefits".

Under ROC GAAP, the excess of the accumulated benefit obligation over the pension plan assets at the balance sheet date would be recognized as minimum pension liability. On the date of transition to IFRSs, the above-mentioned minimum pension liability should be reversed.

Following the above-mentioned rule, as of January 1, 2012 the IFRS-adoption adjustments decreased deferred pension cost by $5,268 thousand, net loss not recognized as pension cost by $114,235 thousand, and retained earnings by $429,934 thousand, accrued pension cost increased by $310,138 thousand.

As of December 31, 2012 the IFRS-adoption adjustments decreased deferred pension cost by $1,146 thousand, net loss not recognized as pension cost by $145,551 thousand, retained earnings by $194,497 thousand, noncontrolling interests by $22 thousand, general administrative expenses by $26,147 thousand, and noncontrolling interests income by $22 thousand, and increased accrued pension cost by $21,653 thousand.

j) Employee benefits - accumulating compensated absences

Under ROC GAAP, there was no accounting standard for accumulating compensated absences. Under IFRSs, accumulating compensated absences are recognized as salary expense attributing to services rendered by employees during that period. Following the above rule, payable for annual leave (recorded under "other payable") was adjusted for an increase by $59,002 thousand, retained earnings was adjusted for an decrease of $59,002 thousand. For the year ended December 31, 2012, payable for annual leave and general and administrative expenses were increased by $898 thousand, respectively.

k) Revaluation of property, plant and equipment

Under ROC GAAP, the Group recorded land value increment to reflect the appraised value published by the government. Reserve for land value increment tax, payable upon sale of land, is presented under "reserve for land value increment tax". Under IFRSs, the Group elected to use ROC GAAP revaluation of some items of property as deemed cost, and the unrealized revaluation increment was deemed zero at the date of transition to IFRSs.

Following the above-mentioned rule, the Group reclassified to retained earnings the amount of $134,641 thousand, consisting of "unrealized revaluation increment" of $134,641 thousand. The IFRS-adoption adjustments to "reserve for land value increment tax", in the amount of $86,547 thousand was reclassified to "deferred income tax, noncurrent".

l) Cumulative translation adjustments

The Company's cumulative translation differences for all foreign operations were deemed zero at the date of transition to IFRSs, and the cumulative translation differences were recognized in retained earnings on that date. Following the above rule, the Company reclassified to retained earnings the amount of $2,154,982 thousand, consisting of cumulative translation adjustments of $2,154,982 thousand as of January 1, 2012.

m) Treasury stocks

Under ROC GAAP, if a subsidiary holds its parent`s stocks, the parent should account for the stocks as treasury stocks. In the first-time adoption of SFAS No. 30, the recorded cost of the stock is based on its carrying value as of January 1, 2012. Under IFRSs, the amounts of treasury stock should be recorded on the original cost of stock. Following the above rule, as of January 1, 2012 the IFRS-adoption adjustments increased treasury stocks by $39,414 thousand, and unrealized gain or loss on available-for-sale financial assets by $39,414 thousand.

The subsidiaries resold the treasury stocks in 2012. As of December 31, 2012, the IFRS-adoption adjustments decreased treasury stock by $4,135 thousand and unrealized gain or loss on available-for-sale financial assets by $4,135 thousand.

n) The classification of the land value increment tax

Under ROC GAAP, the land value increment tax is classified under "cost of goods sold". Under IFRSs, the land value increment tax is classified under "income tax expense" in accordance with IAS No. 12, "Income Taxes". Following the above rule, the amount reclassified from cost of goods sold to income tax expense was $48,282 thousand for the year ended December 31, 2012.

d. An entity applying IFRSs for the first time to its consolidated financial statements should follow IFRS 1 "First-time Adoption of International Financial Reporting Standards." Under IFRS 1, the Group should establish accounting policies in compliance with IFRSs and retrospectively apply those accounting policies to prepare an initial balance sheet as of January 1, 2012, the date of transition to IFRSs. IFRS 1 grants limited exemptions from these retrospectively applied policies in specified areas. The Group elected the following exemptions:

1) Business combinations

The Group elected not to apply IFRS 3 "Business Combinations" retrospectively to past business combinations (i.e., those occurred before January 1, 2012). Thus, goodwill, other assets, liabilities and noncontrolling interests related to past business combinations were recorded in accordance with previous GAAP. This exemption was also applied to the investments in associates.

2) Deemed costs

The Group elected to use ROC GAAP revaluation of some items of property at the date of transition to IFRSs as deemed cost at the date of the revaluation. The Group used the cost model on the subsequent measurement of other property, plant and equipment and intangible assets and adopted related requirements retrospectively.

3) Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses in retained earnings at the date of transition to IFRSs.

4) Cumulative translation differences

The Group's cumulative translation differences for all foreign operations were deemed zero at the date of transition to IFRSs, and the cumulative translation differences were recognized in retained earnings on that date.

e. Explanation of material adjustments to the statement of cash flows.

1) Time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal meet the definition of cash in accordance with ROC GAAP. However, under IAS 7 "Statement of Cash Flows", cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent, it must be readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Therefore, time deposits with carrying amounts of $517,641 thousand and $91,867 thousand as of December 31, 2012 and January 1, 2012, respectively, held by the Group were for investment purposes and, thus, no longer classified as cash under IFRSs.

2) According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7 “Statement of Cash Flows”, cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Group of $523,641 thousand and $1,768,908 thousand, respectively, for the year ended December 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.