Pou Chen Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

POU CHEN CORPORATION

By

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March 24, 2015

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, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and 2013. 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, 2014 and 2013, the carrying value of the investments was 3.10% ($8,471,915 thousand) and 1.76% ($4,357,308 thousand) of the total assets, respectively. For the years ended December 31, 2014 and 2013, the share of profit of the associate was 22.53% ($3,576,296 thousand) and 15.62% ($2,925,285 thousand) of the income before income tax, respectively.

We conducted our audits in accordance with the Regulations Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those regulations 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, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, 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 (the "FSC") 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, 2014 and 2013 on which we have issued an unqualified modified report.

March 24, 2015

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally 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
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 34,734,908	13	$ 29,606,164	12
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	227,685	-	630,225	-
Available-for-sale financial assets - current (Notes 4 and 8)	13,568,135	5	14,250,585	6
Financial assets measured at cost - current (Notes 4 and 9)	-	-	4,950	-
Debt investments with no active market - current (Notes 4 and 10)	2,908,384	1	1,556,437	1
Notes receivable (Notes 4 and 11)	18,249	-	16,481	-
Notes receivable from related parties (Notes 4, 11 and 37)	53	-	65	-
Accounts receivable (Notes 4 and 11)	31,231,528	12	29,959,225	12
Accounts receivable from related parties (Notes 4, 11 and 37)	189,500	-	215,018	-
Other receivables (Notes 4 and 11)	4,228,115	2	4,180,464	2
Inventories - manufacturing and retailing (Notes 4 and 12)	41,899,068	15	37,071,053	15
Inventories - construction (Notes 4 and 12)	4,541,642	2	4,011,453	1
Prepayments for lease (Notes 4 and 13)	175,911	-	151,409	-
Non-current assets held for sale (Notes 4 and 14)	484,910	-	-	-
Other current assets (Notes 4 and 15)	9,386,875	3	9,592,557	4
Total current assets	143,594,963	53	131,246,086	53
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	337,449	-	311,801	-
Available-for-sale financial assets - non-current (Notes 4 and 8)	569,519	-	444,958	-
Financial assets measured at cost - non-current (Notes 4 and 9)	741,401	-	876,405	-
Debt investment with no active market - non-current (Notes 4, 10 and 38)	21,542	-	40,549	-
Investments accounted for using equity method (Notes 4 and 16)	41,071,544	15	34,822,264	14
Property, plant and equipment (Notes 4 and 17)	63,500,454	23	59,099,839	24
Investment properties (Notes 4, 18 and 38)	2,254,309	1	2,153,463	1
Goodwill (Notes 4 and 19)	9,136,165	4	8,599,567	4
Other intangible assets (Notes 4 and 20)	3,590,003	1	3,523,633	1
Deferred tax assets (Notes 4 and 28)	556,638	-	411,155	-
Long-term prepayments for lease (Notes 4 and 13)	5,685,844	2	5,235,714	2
Other non-current assets (Notes 4 and 15)	1,982,114	1	1,363,792	1
Total non-current assets	129,446,982	47	116,883,140	47
TOTAL	$ 273,041,945	100	$ 248,129,226	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 21)	$ 18,422,674	7	$ 16,640,291	7
Short-term bills payable (Note 21)	1,752,076	1	2,201,866	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	674,234	-	20,430	-
Notes payable (Notes 4 and 22)	38,302	-	13,366	-
Notes payable to related parties (Notes 4, 22 and 37)	36,515	-	38,804	-
Accounts payable (Notes 4 and 22)	13,379,025	5	12,762,966	5
Accounts payable to related parties (Notes 4, 22 and 37)	1,719,010	-	1,513,745	1
Other payables (Note 23)	23,856,859	9	20,069,301	8
Current tax liabilities (Notes 4 and 28)	1,350,485	-	1,907,298	1
Liabilities directly associated with non-current assets held for sale (Notes 4 and 14)	180,911	-	-	-
Current portion of long-term borrowings (Note 21)	8,247,500	3	8,785,643	3
Other current liabilities	4,981,142	2	3,320,149	1
Total current liabilities	74,638,733	27	67,273,859	27
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 21)	41,968,390	15	39,210,241	16
Deferred tax liabilities (Notes 4 and 28)	1,882,324	1	1,769,337	1
Long-term payables (Note 23)	671,180	-	683,130	-
Accrued pension liabilities (Notes 4 and 24)	1,714,985	1	1,534,353	1
Other non-current liabilities	40,738	-	38,129	-
Total non-current liabilities	46,277,617	17	43,235,190	18
Total liabilities	120,916,350	44	110,509,049	45
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 25)				
Share capital				
Common share	29,441,372	11	29,441,372	12
Capital surplus	4,627,549	2	4,366,099	1
Retained earnings				
Legal reserve	9,398,498	3	8,336,553	3
Special reserve	9,180,047	3	4,435,090	2
Unappropriated earnings	23,675,306	9	24,000,543	10
Total retained earnings	42,253,851	15	36,772,186	15
Other equity	(5,608,553)	(2)	(9,180,047)	(4)
Treasury shares	-	-	(188,728)	-
Total equity attributable to owners of the Company	70,714,219	26	61,210,882	24
NON-CONTROLLING INTERESTS	81,411,376	30	76,409,295	31
Total equity	152,125,595	56	137,620,177	55
TOTAL	$ 273,041,945	100	$ 248,129,226	100

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

(With Deloitte & Touche audit report dated March 24, 2015)

POU CHEN CORPORATION AND SUBSIDIARIES

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

	2014		2013	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 26 and 37)	$ 243,976,298	100	$ 226,664,569	100
OPERATING COSTS (Notes 24, 27 and 37)	188,707,550	77	176,136,637	78
GROSS PROFIT	55,268,748	23	50,527,932	22
OPERATING EXPENSES (Notes 24, 27 and 39)				
Selling and marketing expenses	20,702,822	9	18,659,399	8
General and administrative expenses	20,187,946	8	15,521,416	7
Research and development expenses	6,457,359	3	6,248,128	3
Total operating expenses	47,348,127	20	40,428,943	18
PROFIT FROM OPERATIONS	7,920,621	3	10,098,989	4
NON-OPERATING INCOME AND EXPENSES				
Other income	3,359,218	1	3,580,929	2
Other gains and losses (Note 27)	(484,431)	-	1,324,978	1
Finance costs (Note 27)	(1,075,314)	-	(1,250,172)	(1)
Share of the profit of associates and joint ventures (Notes 4 and 16)	6,154,285	3	4,977,369	2
Total non-operating income and expenses	7,953,758	4	8,633,104	4
PROFIT BEFORE INCOME TAX	15,874,379	7	18,732,093	8
INCOME TAX EXPENSE (Notes 4 and 28)	(2,014,930)	(1)	(1,821,143)	(1)
NET INCOME	13,859,449	6	16,910,950	7
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences on translating foreign operations	2,549,708	1	2,260,746	1
Unrealized (loss) gain on available-for-sale financial assets	(318,603)	-	1,460,998	1
Cash flow hedges	-	-	5,430	-
Actuarial loss arising from defined benefit plans (Note 24)	(182,530)	-	(242,043)	-
Share of the other comprehensive income (loss) of associates and joint ventures	628,459	-	(10,198,325)	(5)
Other comprehensive income (loss) for the year, net of income tax	2,677,034	1	(6,713,194)	(3)
TOTAL COMPREHENSIVE INCOME	$ 16,536,483	7	$ 10,197,756	4

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

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

	2014		2013	
	Amount	**%**	**Amount**	**%**
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Company	$ 8,615,506	4	$ 10,619,449	4
Non-controlling interests	5,243,943	2	6,291,501	3
	$ 13,859,449	6	$ 16,910,950	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Company	$ 11,997,296	5	$ 3,350,207	1
Non-controlling interests	4,539,187	2	6,847,549	3
	$ 16,536,483	7	$ 10,197,756	4
EARNINGS PER SHARE (Note 29)				
Basic	$ 2.93		$ 3.62	
Diluted	$ 2.85		$ 3.53	

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

(With Deloitte & Touche audit report dated March 24, 2015) (Concluded)

POU CHEN CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to 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, 2013	$ 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	-	-	-	134,641	(134,641)	-	-	-	-	-	-	-
Appropriation of 2012 earnings (Note 25)												
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 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
Execution of employee share options (Notes 25 and 30)	9,523	9,713	-	-	-	-	-	-	-	19,236	-	19,236
Adjustment in capital surplus from cash dividends received by subsidiaries	-	14,899	-	-	-	-	-	-	-	14,899	-	14,899
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 25)	-	53,875	-	-	-	-	-	-	-	53,875	-	53,875
Share of changes in equities of subsidiaries (Notes 4 and 25)	-	(10,493)	-	-	-	-	-	-	-	(10,493)	-	(10,493)
Change in non-controlling 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 AT 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
Appropriation of 2013 earnings (Note 25)												
Legal reserve	-	-	1,061,945	-	(1,061,945)	-	-	-	-	-	-	-
Special reserve	-	-	-	4,744,957	(4,744,957)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,944,137)	-	-	-	-	(2,944,137)	-	(2,944,137)
	-	-	1,061,945	4,744,957	(8,751,039)	-	-	-	-	(2,944,137)	-	(2,944,137)
Net income for the year ended December 31, 2014	-	-	-	-	8,615,506	-	-	-	-	8,615,506	5,243,943	13,859,449
Other comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	(189,704)	3,324,973	246,521	-	-	3,381,790	(704,756)	2,677,034
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	8,425,802	3,324,973	246,521	-	-	11,997,296	4,539,187	16,536,483
Treasury shares resold by subsidiaries (Note 25)	-	218,295	-	-	-	-	-	-	188,728	407,023	7,682	414,705
Share of changes in net assets of associates or joint venture (Notes 4 and 25)	-	4,685	-	-	-	-	-	-	-	4,685	-	4,685
Excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Notes 4 and 25)	-	38,470	-	-	-	-	-	-	-	38,470	-	38,470
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	455,212	455,212
Change in equity for the year ended December 31, 2014	-	261,450	1,061,945	4,744,957	(325,237)	3,324,973	246,521	-	188,728	9,503,337	5,002,081	14,505,418
BALANCE AT DECEMBER 31, 2014	$ 29,441,372	$ 4,627,549	$ 9,398,498	$ 9,180,047	$ 23,675,306	$ 3,345,749	$ (8,954,302)	$ -	$ -	$ 70,714,219	$ 81,411,376	$ 152,125,595

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

(With Deloitte & Touche audit report dated March 24, 2015)

POU CHEN CORPORATION AND SUBSIDIARIES

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

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 15,874,379	$ 18,732,093
Adjustments for:		
Depreciation expenses	7,226,528	7,434,221
Amortization expenses	423,738	420,656
Reversal of impairment loss on accounts receivable	(54,447)	(274,435)
Net loss (gain) on fair value change of financial instruments at fair value through profit or loss	610,698	(805,221)
Finance costs	1,075,314	1,250,172
Interest income	(488,171)	(337,820)
Dividend income	(610,535)	(545,546)
Compensation cost (income) of employee share options	46,267	(1,611)
Share of profit of associates and joint ventures	(6,154,285)	(4,977,369)
Net (gain) loss on disposal of property, plant and equipment	(48,835)	424,698
Net loss (gain) on disposal of investments	42,846	(15,214)
Net loss (gain) on disposal of subsidiaries, associates and joint ventures	134,840	(1,228,802)
Impairment loss	-	876,641
Reversal of impairment loss	(176,284)	-
Changes in operating assets and liabilities		
Decrease in financial instruments held for trading	340,355	841,929
(Increase) decrease in notes receivable	(1,768)	63,686
Decrease in notes receivable from related parties	12	237
Increase in accounts receivable	(1,217,856)	(1,677,371)
Decrease (increase) in accounts receivable from related parties	25,518	(22,138)
Increase in other receivables	(40,775)	(426,585)
Increase in inventories	(5,358,204)	(2,680,415)
Decrease (increase) in other current assets	205,682	(2,484,125)
Decrease (increase) in other operating assets	41,628	(163,206)
Increase (decrease) in notes payable	24,936	(17,533)
(Decrease) increase in notes payable to related parties	(2,289)	622
Increase in accounts payable	616,059	2,138,019
Increase (decrease) in accounts payable to related parties	205,265	(43,676)
Increase in other payables	3,153,390	332,709
Increase in other current liabilities	1,660,993	35,525
(Decrease) increase in accrued pension liabilities	(1,898)	5,645
(Decrease) increase in other operating liabilities	(11,950)	101,139
Cash generated from operations	17,541,151	16,956,925
Interest paid	(1,072,428)	(1,232,036)
Income tax paid	(2,711,093)	(1,473,629)
Net cash generated from operating activities	13,757,630	14,251,260

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

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

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets design at FVTPL	$ (290,975)	$ (362,152)
Proceeds on sale of financial assets design at FVTPL	370,618	7,755
Acquisition of available-for-sale financial assets	-	(816,927)
Proceeds on sale of available-for-sale financial assets	164,880	150,440
Acquisition of debt investments with no active market	(5,339,341)	(1,528,296)
Proceeds on sale of debt investments with no active market	4,006,401	474,815
Acquisition of financial assets measured at cost	(6,853)	(179,748)
Proceed on sale of financial assets measured at cost	276,176	8,977
Acquisition of associates and joint ventures	(96,835)	(2,133,590)
Proceeds from disposal of associates and joint ventures	53,479	1,136,696
Net cash outflow on acquisition of subsidiaries	(141,590)	-
Net cash (outflow) inflow on disposal of subsidiaries	(46,799)	1,515,944
Proceeds from capital return of associates	350,808	871,144
Acquisition of property, plant and equipment	(9,238,179)	(5,489,206)
Proceeds from disposal of property, plant and equipment	1,135,966	947,943
Increase in refundable deposits	(31,008)	-
Decrease in refundable deposits	-	16,025
Acquisition of intangible assets	(289)	(526)
Acquisition of investment properties	-	(363)
Increase in prepayments for equipment	(628,942)	(21,329)
Acquisition of long-term prepayments for lease	(558,559)	(223,034)
Proceeds from disposal of long-term prepayments for lease	-	60,887
Interest received	481,295	340,140
Dividend received	2,418,254	1,727,899
Cash dividend from reduction of capital surplus from associates	-	106,601
Net cash used in investing activities	(7,121,493)	(3,389,905)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,782,383	977,644
Repayments of short-term bills payable	(452,000)	(262,000)
Proceeds from long-term borrowings	2,233,857	-
Repayments of long-term borrowings	-	(4,750,218)
Increase in guarantee deposits	2,609	15,200
Cash dividend	(2,944,137)	(4,401,307)
Execution of employee share options	-	19,236
Proceed on sale of treasury shares	414,705	-
Change in non-controlling interests	455,212	(783,763)
Net cash generated from (used in) financing activities	1,492,629	(9,185,208)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(2,940,203)	(924,608)

(Continued)

POU CHEN CORPORATION AND SUBSIDIARIES

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

	2014	2013
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 5,188,563	$ 751,539
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	29,606,164	28,854,625
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 34,794,727	$ 29,606,164

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2014 and 2013:

	December 31	
	2014	2013
Cash and cash equivalents in consolidated balance sheets	$ 34,734,908	$ 29,606,164
Cash and cash equivalents included in a disposal group held for sale	59,819	-
Cash and cash equivalents in consolidated statements of cash flow	$ 34,794,727	$ 29,606,164

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

(With Deloitte & Touche audit report dated March 24, 2015) (Concluded)

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

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.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 24, 2015.

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

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

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

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
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
Amendment to IAS 19 "Employee Benefits"	January 1, 2013
Amendment to IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

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

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

1) Annual Improvements to IFRSs: 2009-2011 Cycle

Several standards including IAS 16 "Property, Plant and Equipment", IAS 32 "Financial Instruments: Presentation" and IAS 34 "Interim Financial Reporting" were amended in this annual improvement.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be recognized in accordance with IAS 16 when they meet the definition of property, plant and equipment and otherwise as inventory.

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

The amendments to IAS 34 clarify that a measure of total liabilities for a reportable segment would be disclosed in interim financial reporting when such amounts are regularly provided to the chief operating decision maker of the Group and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

2) Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"

The amendment to IFRS 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under enforceable master netting arrangements and similar arrangements.

3) IFRS 10 “Consolidated Financial Statements”

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

As at January 1, 2013, the date of initial application of IFRS 10, the Group made an assessment as to whether or not the Group has control over its investees. The Group concluded that it has had control over the investees which are consolidated into the consolidated financial statements before the application of IFRS 10. The adoption of IFRS 10 “Consolidated Financial Statements” had no material impact on the Group’s financial position and financial performance.

4) IFRS 11 “Joint Arrangements”

IFRS 11 replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities - Non-monetary Contributions by Venturers”. Joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. Joint ventures are accounted for using the equity method. Under IAS 31, Joint arrangements are classified as jointly controlled entities, jointly controlled assets, and jointly controlled operations, and the Group accounts for its jointly controlled entities using the proportionate consolidation method.

The Group reviewed and assessed the classification of the investments in joint arrangements in accordance with the requirements of IFRS 11. The Group concluded that the investment in each of the joint arrangements was classified as “jointly controlled entity” under IAS 31 and was accounted for using the equity method, and should be classified as a joint venture under IFRS 11 and should continue to be accounted for using the equity method. The adoption of IFRS 11 “Joint Arrangements” had no material impact on the Group’s financial position and financial performance.

5) 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/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

6) IFRS 13 “Fair Value Measurement”

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

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

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

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

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

8) IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the "corridor approach" permitted under current IAS 19. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus.

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

9) Amendment to IAS 28 "Investments in Associates and Joint Ventures"

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

The adoption of IAS 28 "Investments in Associates and Joint Ventures" had no material impact on the Group's financial position and financial performance.

10) Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"

The amendment to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendment clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realization and settlement".

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

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

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

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

The initial application of the above New IFRSs has not had any material impact on the Group's accounting policies, except for the following:

1) Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

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

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

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

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

2) Annual Improvements to IFRSs: 2011-2013 Cycle

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

3) Annual Improvements to IFRSs: 2012-2014 Cycle

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

4) IFRS 9 "Financial Instruments"

<u>Recognition and measurement of financial assets</u>

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

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

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

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

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

The impairment of financial assets

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

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

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

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

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

6) Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”

The amendment require that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, should apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. Accordingly, a joint operator that is an acquirer of such an interest has to:

- Measure most identifiable assets and liabilities at fair value;
- Expense acquisition-related costs (other than debt or equity issuance costs);
- Recognizing any goodwill or bargain purchase gain;
- Recognize deferred taxes;
- Perform impairment tests for the cash generating units to which goodwill has been allocated;
- Disclose information required relevant for business combinations.

The amendment also apply to the formation of a joint operation if, and only if, an existing business is contributed to the joint operation on its formation by one of the parties that participate in the joint operation.

The amendment do not apply on the acquisition of an interest in a joint operation when the parties sharing control are under common control before and after the acquisition.

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

7) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

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

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

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

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

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

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

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

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

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

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

9) 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.

As of the date the consolidated financial statements were approved, 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 financial performance, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

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

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

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.

d. Basis of consolidation

1) 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 non-controlling interests</u>

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

<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 non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment in 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 joint venture.

2) Subsidiary included in consolidated financial statements

Name of Subsidiary	Location of Incorporation	Functional Currency of Incorporation	Ownership Percentage December 31 2014	Ownership Percentage December 31 2013
Wealthplus Holdings Limited	British Virgin Islands	U.S. dollars	100.00	100.00
Win Fortune Investments Limited	British Virgin Islands	U.S. dollars	100.00	100.00
Windsor Entertainment Co., Ltd.	ROC	New Taiwan dollars	100.00	100.00
Pou Shine Investments Co., Ltd.	ROC	New Taiwan dollars	100.00	100.00
Pan Asia Insurance Services Co., Ltd.	ROC	New Taiwan dollars	100.00	100.00
Pro Arch International Development Enterprise Inc.	ROC	New Taiwan dollars	100.00	100.00
Pou Yuen Technology Co., Ltd.	ROC	New Taiwan dollars	99.81	99.81
Barits Development Corporation	ROC	New Taiwan dollars	99.60	99.60
LNC Technology Co., Ltd.	ROC	New Taiwan dollars	-	-

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	Main Business	Functional Currency of Incorporation	Ownership Percentage December 31 2014	Ownership Percentage December 31 2013
Yue Yuen Industrial (Holdings) Limited	Bermuda	Manufacturing and sale of athletic and casual footwear and sports apparel	U.S. dollars	48.93	48.93
Pou Sheng International (Holdings) Limited	Bermuda	Retailing of sporting goods and brand licensing business	U.S. dollars	29.98	29.98
Crown Master Investments Limited	British Virgin Islands	Investment holding	U.S. dollars	100.00	100.00
Tetor Ventures Ltd.	British Virgin Islands	Investment holding	U.S. dollars	100.00	100.00
Star Eagle Consultants Limited	British Virgin Islands	Insurance agent	U.S. dollars	100.00	100.00
Pou Yu Biotechnology Co., Ltd.	ROC	Manufacturing of medical appliance and sale of related equipment	New Taiwan dollars	69.44	69.44
Dong Guan Pou Yu Precision Ceramics Industrial Co., Ltd.	People’s Republic of China (“PRC”)	Manufacturing medical appliance	RMB	69.44	69.44

Win Fortune Investments Limited (“Win Fortune”) invests in Yue Yuen (as at December 31, 2014, the ownership percentage was 1.05%) as its primary operation activities.

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 landscape architecture business. The information of Pro Arch International's subsidiary is as follows:

Name of Subsidiary	Location of Incorporation	Main Business	Functional Currency of Incorporation	Ownership Percentage December 31 2014	2013
Pro Arch Technology BVI Inc.	British Virgin Islands	Investment holdings	U.S. dollars	-	100.00

Note: Pro Arch Technology BVI Inc. had resolved to liquidate and dissolve in November 2014.

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	Main Business	Functional Currency of Incorporation	Ownership Percentage December 31 2014	2013
Vantage Capital Investments Ltd.	British Virgin Islands	Investment holdings	U.S. dollars	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	Main Business	Functional Currency of Incorporation	Ownership Percentage December 31 2014	2013
Song Ming Investments Co., Ltd.	ROC	Investing activities	New Taiwan dollars	100.00	100.00
Pou Chin Development Co., Ltd.	ROC	Agency of land readjustment	New Taiwan dollars	100.00	100.00
Yu Hong Development Co., Ltd.	ROC	Development of real estate	New Taiwan dollars	100.00	100.00
Wang Yi Construction Co., Ltd.	ROC	Construction	New Taiwan dollars	89.75	89.75
Pou Yii Development Co., Ltd.	ROC	Rental and sale of real estate	New Taiwan dollars	75.00	75.00

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. 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 for the year ended December 31, 2013.

e. 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 non-controlling 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.

f. 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 non-controlling 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 joint venture 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 non-controlling 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.

g. Inventories

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

h. Investments accounted for using equity method

Investments accounted for using 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 joint venture.

The results and assets and liabilities of associates and joint ventures 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 ventures.

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 using equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), 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 and joint venture.

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 and 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 and joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and 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 and joint venture that are not related to the Group.

i. 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. Each significant part is depreciated separately. 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.

j. 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.

k. Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (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 attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis 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.

2) 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.

3) 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 loss.

4) 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.

m. 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.

n. Non-current assets held for sale

Non-current 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 non-current 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 non-controlling interest in its former subsidiary after the sale.

Non-current 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.

o. 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.

<u>Financial assets</u>

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

1) 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.

a) 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.

b) 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 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 measured 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.

c) Loans and receivables

Loans and receivables (including accounts receivable, cash and cash equivalent, debt investments with no active market) 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.

2) Impairment of financial assets

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

For financial assets measured at amortized cost, such as trade receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of 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.

3) 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

1) Subsequent measurement

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.

2) 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, including any non-cash assets transferred or liabilities assumed, 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, interest rate swap 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.

p. 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.

q. 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 based on the seller’s reliable estimate future returns and based on past experience and other relevant factors.

1) Sale of goods

Sales of goods are recognized when goods are delivered and legal ownership has passed.

2) 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.

3) Dividend and interest income

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

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

r. 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 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”.

s. Leasing

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

1) The Group as lessor

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

2) 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.

t. 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. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

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

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

u. 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.

v. Taxation

Income tax expense represents the sum of the current tax liabilities and deferred tax liabilities.

1) 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.

2) Deferred tax

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

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

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

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

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed 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

As of December 31, 2014 and 2013, deferred tax liabilities recognized on taxable temporary differences associated with investments in subsidiaries were $618,758 thousand and $506,684 thousand, respectively. A reversal of deferred tax liabilities mainly depends on whether sufficient future profits in subsidiaries due to the unpredictability of future profit. In cases where the actual future profits of subsidiaries generated are less than expected, a material reversal of deferred tax liabilities 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 Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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 is assessed 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 2014	December 31 2013
Cash on hand	$ 41,134	$ 50,669
Checking accounts and demand deposits	19,103,504	20,318,118
Cash equivalent		
Time deposits with original maturities less than three months	14,999,586	9,230,050
Repurchase agreements collateralized by bonds	590,684	7,327
	$ 34,734,908	$ 29,606,164

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2014	December 31 2013
Financial assets designated as at FVTPL		
Structured deposit (a)	$ 337,449	$ 375,703
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
JV Call Options (b)	-	-
Derivative embedded in Convertible Note (c)	-	-
Forward exchange contracts (d)	190	183,042
Exchange rate option contracts (e)	5,646	223,020
Exchange rate swap contracts (f)	1,377	13,523
Cross-currency swap contracts (g)	73,148	-
Non-derivative financial assets		
Domestic open-ended mutual funds	147,324	146,738
	$ 565,134	$ 942,026
Current	$ 227,685	$ 630,225
Non-current	337,449	311,801
	$ 565,134	$ 942,026
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts (d)	$ 319,085	$ -
Exchange rate option contracts (e)	317,110	2,798
Interest rate swap contracts (h)	38,039	17,632
	$ 674,234	$ 20,430
Current	$ 674,234	$ 20,430

a. Wealthplus entered into a five years 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 - non-current”.

Pou Sheng entered into a 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". The RMB structured time deposit contract had been cancelled in March 2014.

Pou Sheng entered into a three months RMB structured time deposit contract with a bank in May 2014. 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". The RMB structured time deposit contract had expired on August 6, 2014.

b. In October 2007, Pou Sheng entered into call option (the "JV Call Options") agreements with the shareholders (the "Relevant Partners") of certain associates, jointly controlled entities and subsidiaries (the "Relevant Companies"), in return for its payment of 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 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 Options were 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 Exchanges and Clearing Limited 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 to be 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 Exchanges and Clearing Limited.

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

The remaining unexercised JV Call Options were 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 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 was convertible at the option of the holders into common shares of Luen Thai at convertible price of HK$1.2 each from the issue date up to the maturity date. The Convertible Note was fully converted into 29,747 thousand common 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:

<u>December 31, 2014</u>

Notional Amount	**Forward Exchange Rates**
US$ 299,000,000	Sell USD/buy RMB at 6.218 to 6.228
US$ 22,000,000	Sell USD/buy VND at 21,381 to 21,552

December 31, 2013

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

The Group entered into forward exchange contracts for the years ended December 31, 2014 and 2013 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, 2014

Item	Type	Buy/Sale	Premium Amount	Notional Amount	Fair Value
Exchange rate option contracts	Put	Sell	$ -	US$ 4,000,000	$ 1,022
"	Put	Sell	-	2,000,000	462
"	Put	Sell	-	4,000,000	965
"	Put	Sell	-	120,000,000	3,022
"	Put	Sell	-	60,000,000	175
"	Put	Sell	150	2,000,000	(127)
"	Put	Sell	-	100,000,000	(1,303)
"	Put	Sell	-	80,000,000	(3,267)
"	Put	Sell	-	20,000,000	(847)
"	Put	Sell	-	100,000,000	(3,952)
"	Put	Sell	-	20,000,000	(958)
"	Put	Sell	-	24,000,000	(3,291)
"	Put	Sell	-	96,000,000	(7,577)
"	Put	Sell	-	80,000,000	(13,094)
"	Put	Sell	-	80,000,000	(10,615)
"	Put	Sell	-	48,000,000	(4,841)
"	Put	Sell	-	24,000,000	(3,254)
"	Put	Sell	-	24,000,000	(3,373)
"	Put	Sell	-	88,000,000	(35,289)
"	Put	Sell	-	64,000,000	(28,400)
"	Put	Sell	-	16,000,000	(6,558)
"	Put	Sell	-	16,000,000	(9,093)
"	Put	Sell	-	48,000,000	(8,104)
"	Put	Sell	-	24,000,000	(5,383)
"	Put	Sell	-	24,000,000	(5,757)
"	Put	Sell	-	24,000,000	(4,777)
"	Put	Sell	-	24,000,000	(6,799)
"	Put	Sell	-	195,000,000	(110,266)
"	Put	Sell	-	39,000,000	(40,185)
					$ (311,464)

December 31, 2013

Item	Type	Buy/Sale	Premium Amount	Notional 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

The Group entered into exchange rate option contracts for the years ended December 31, 2014 and 2013 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:

December 31, 2014

Bank	Notional Amount	Maturity Date	Rate	Fair Value
Mizuho Bank	RMB 30,000,000	2015.01.09	5.044	$ 1,377

December 31, 2013

Bank	Notional Amount	Maturity Date	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 for the years ended December 31, 2014 and 2013 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

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

December 31, 2014

Bank	Notional Amount	Maturity Date	Rate	Interest %	Fair Value
ANZ Bank	US$ 50,000,000	2015.05.18	30.18	0.74	$ 73,148

The Group entered into cross-currency swap contracts for the year ended December 31, 2014 to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities.

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

December 31, 2014

Bank	Item	Notional Amount	Maturity Date	Pay Rate (Fixed Rate %)	Received Rate (Floating Rate %)	Fair Value
Chinatrust Commercial Bank	Interest rate swap contracts	$ 600,000	2018.06.01	1.310	0.891	$ (4,221)
Citibank	"	500,000	2018.06.01	1.340	0.891	(3,926)
Taipei Fubon Bank	"	875,000	2016.09.29	1.066	0.888	(1,344)
Taipei Fubon Bank	"	700,000	2016.09.29	1.180	0.888	(1,961)
Taipei Fubon Bank	"	500,000	2016.09.29	0.967	0.888	(219)
Taipei Fubon Bank	"	700,000	2016.09.29	0.990	0.888	(487)
Taipei Fubon Bank	"	900,000	2018.06.01	1.310	0.891	(6,241)
Taipei Fubon Bank	"	500,000	2018.06.01	1.278	0.891	(3,034)
Taipei Fubon Bank	"	300,000	2018.06.01	1.265	0.891	(1,715)
E.SUN Bank	"	700,000	2016.09.29	1.183	0.888	(1,881)
E.SUN Bank	"	700,000	2016.09.29	0.990	0.888	(382)
E.SUN Bank	"	500,000	2018.06.01	1.290	0.891	(3,195)
SinoPac Bank	"	875,000	2016.09.29	1.066	0.888	(1,209)
SinoPac Bank	"	700,000	2016.09.29	1.183	0.888	(1,874)
SinoPac Bank	"	600,000	2016.09.29	0.990	0.888	(324)
Ta Chong Bank	"	700,000	2016.09.29	1.183	0.888	(1,899)
ANZ Bank	"	500,000	2018.06.01	1.280	0.891	(3,026)
ANZ Bank	"	200,000	2018.06.01	1.260	0.891	(1,101)
		$ 11,050,000				$ (38,039)

December 31, 2013

Bank	Item	Notional Amount	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)
Citibank	"	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)

The Group entered into interest swap contracts for the years ended December 31, 2014 and 2013 to manage exposures to interest rate fluctuations.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
Domestic investments		
Listed shares	$ 13,397,793	$ 13,820,265
Foreign investments		
Listed shares	739,861	875,278
	$ 14,137,654	$ 14,695,543
Current	$ 13,568,135	$ 14,250,585
Non-current	569,519	444,958
	$ 14,137,654	$ 14,695,543

9. FINANCIAL ASSETS MEASURED AT COST

	December 31 2014	December 31 2013
Domestic investments		
Unlisted shares	$ 63,225	$ 62,225
Foreign investments		
Unlisted shares	273,643	280,692
Mutual funds	404,533	538,438
	678,176	819,130
	$ 741,401	$ 881,355
Current	$ -	$ 4,950
Non-current	741,401	876,405
	$ 741,401	$ 881,355
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 741,401	$ 881,355

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 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. was liquidated and dissolved on November 25, 2013.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31 2014	December 31 2013
Time deposits with original maturity more than three months	$ 2,908,384	$ 1,556,437
Other	21,542	40,549
	$ 2,929,926	$ 1,596,986
Current	$ 2,908,384	$ 1,556,437
Non-current	21,542	40,549
	$ 2,929,926	$ 1,596,986

Refer to Note 38 for information relating to debt investments with no active market pledged as security.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31 2014	December 31 2013
Notes receivable (included related parties)		
Notes receivable - operating	$ 18,237	$ 15,573
Notes receivable - non-operating	65	973
Less: Allowance for doubtful accounts	-	-
	$ 18,302	$ 16,546
Accounts receivable (included related parties)		
Accounts receivable	$ 32,303,543	$ 31,089,853
Less: Allowance for doubtful accounts	(882,515)	(915,610)
	$ 31,421,028	$ 30,174,243
Other receivables		
Tax refund receivables	$ 1,212,660	$ 696,636
Others	3,017,130	3,527,211
Less: Allowance for doubtful accounts	(1,675)	(43,383)
	$ 4,228,115	$ 4,180,464

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 doubtful account was recognized based on past due of the reporting period and past default experience.

a. Notes receivable

The notes receivable balances at December 31, 2014 and 2013 were not past due.

b. Accounts receivable

1) The aging analysis of the accounts receivable as at December 31, 2014 and 2013 were as follows:

December 31, 2014

	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	$ 21,631,689	$ -	$ -	$ -	$ 21,631,689
31-90 days	7,921,953	-	1,469,573	18,984	9,410,510
More than 91 days	-	-	397,813	863,531	1,261,344
	$ 29,553,642	$ -	$ 1,867,386	$ 882,515	$ 32,303,543

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

The above aging schedule was based on the invoice date.

2) Movements of the allowance for accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	$ 915,610	$ -	$ 915,610
Less: Reversal of impairment losses	(54,447)	-	(54,447)
Less: Amounts written off during the year as uncollectible	(22,379)	-	(22,379)
Add: Effect of exchange rate changes	43,731	-	43,731
Balance at December 31, 2014	$ 882,515	$ -	$ 882,515
Balance at January 1, 2013	$ 1,196,679	$ -	$ 1,196,679
Less: Reversal of impairment losses	(274,435)	-	(274,435)
Less: Amounts written off during the year as uncollectible	(762)	-	(762)
Less: Amount from disposal of subsidiary	(23,176)	-	(23,176)
Add: Effect of exchange rate changes	17,304	-	17,304
Balance at December 31, 2013	$ 915,610	$ -	$ 915,610

12. INVENTORIES

	December 31 2014	December 31 2013
Inventories - manufacturing and retailing	$ 41,899,068	$ 37,071,053
Inventories - construction	4,541,642	4,011,453
	$ 46,440,710	$ 41,082,506

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

	December 31	
	2014	2013
Raw materials	$ 8,869,656	$ 6,602,285
Work in progress	5,037,457	4,615,801
Finished goods and merchandise	27,991,955	25,852,967
	$ 41,899,068	$ 37,071,053

1) The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 was $188,705,159 thousand and $176,110,299 thousand, respectively.

2) The cost of manufacturing and retailing inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 included inventory write-downs of $616,408 thousand and $169,177 thousand, respectively.

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

	December 31	
	2014	2013
Land and buildings held for development	$ 4,369,253	$ 3,835,874
Land and buildings held for sale	52,589	55,779
Land held for construction site	119,800	119,800
	$ 4,541,642	$ 4,011,453

1) The cost of inventories recognized as cost of goods sold for the years ended December 31, 2014 and 2013 was $2,391 thousand and $26,338 thousand, respectively.

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

13. PREPAYMENTS FOR LEASE

	December 31	
	2014	2013
PRC	$ 3,264,809	$ 3,322,113
Indonesia	968,047	925,952
Vietnam	1,163,581	1,139,058
Myanmar	465,318	-
	$ 5,861,755	$ 5,387,123
Current	$ 175,911	$ 151,409
Non-current	5,685,844	5,235,714
	$ 5,861,755	$ 5,387,123

14. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE

	December 31	
	2014	2013
Assets associated with non-current assets held for sale		
Cash and cash equivalents	$ 59,819	$ -
Accounts receivable and other receivables	185,247	-
Inventories	107,294	-
Property, plant and equipment	110,047	-
Prepayments for lease	22,503	-
	$ 484,910	$ -
Liabilities directly associated with non-current assets held for sale		
Short-term borrowing	$ 9,558	$ -
Accounts payable and other payables	171,353	-
	$ 180,911	$ -

Yue Yuen resolved to dispose subsidiaries for total consideration of $303,999 thousand (US$9,605 thousand) in the year ended December 31, 2014. The Group had reclassified the associated assets and liabilities to “non-current assets held for sale” and “liabilities directly associated with non-current assets held for sale”.

15. OTHER ASSETS

	December 31	
	2014	2013
Prepayments	$ 7,851,077	$ 8,503,618
Refundable deposits	177,059	146,051
Prepaid pension cost (Note 24)	123,935	108,875
Prepayments for equipment	989,981	361,039
Others	2,226,937	1,836,766
	$ 11,368,989	$ 10,956,349
Current	$ 9,386,875	$ 9,592,557
Non-current	1,982,114	1,363,792
	$ 11,368,989	$ 10,956,349

16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2014	2013
Investments in associates	$ 25,939,681	$ 21,079,930
Investments in joint ventures	15,131,863	13,742,334
	$ 41,071,544	$ 34,822,264

a. Investments in associates

	December 31	
	2014	2013
Foreign listed companies	$ 3,117,806	$ 3,050,469
Domestic listed companies	7,688,767	7,703,025
Unlisted companies	15,133,108	10,326,436
	$ 25,939,681	$ 21,079,930

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

	December 31	
Name of Associate	2014	2013
Luen Thai Holdings Ltd.	9.74%	9.74%
Eagle Nice (International) Holdings Limited	38.42%	38.42%
Evermore Chemical Industry Co., Ltd.	28.19%	28.19%
San Fang Chemical Industry Co., Ltd.	44.72%	44.72%
Elitegroup Computer Systems Co., Ltd.	19.51%	19.38%
Ace Top Group Limited	40.00%	40.00%
Bigfoot Limited	48.76%	48.76%
Enthroned Group Limited	48.76%	48.76%
Faith Year Investments Ltd.	30.00%	30.00%
Full Pearl International Ltd.	40.04%	40.04%
Haicheng Information Technology Co., Ltd.	50.00%	50.00%
Hengqin New District of Zhuhai City Baolee Property Management Co., Ltd.	40.00%	-
Just Lucky Investments Limited	38.30%	38.30%
Kleine Developments Ltd.	33.33%	33.33%
Natural Options Limited	38.30%	38.30%
Oftenrich Holdings Limited	45.00%	45.00%
Original Designs Developments Limited	49.47%	49.47%
Pine Wood Industries Limited	37.00%	37.00%
Pou Ming Paper Products Manufacturing Co., Ltd.	20.00%	20.00%
Prosperlink Limited	38.00%	38.00%
Prosperous Industrial (Holdings) Ltd.	30.00%	30.00%
Rise Bloom International Limited	38.00%	47.00%
Silver Island Trading Ltd.	50.00%	50.00%
Supplyline Logistics Ltd.	49.00%	49.00%
Talent Pool Management Ltd.	30.00%	30.00%
Venture Well Holdings Ltd.	31.55%	31.55%
Zhejiang Baohong Sports Goods Company Limited	49.00%	49.00%
Zhuhai Poulik Properties Management Co., Ltd.	40.00%	40.00%
Nan Pao Resins Chemical Co., Ltd.	21.32%	21.32%
Techview International Technology Inc.	50.00%	50.00%
Ruen Chen Investment Holding Co., Ltd.	20.00%	20.00%

2) Because the Group is able to exercise significant influence over Luen Thai Holdings Ltd., it 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) Ruen Chen issued 1,000,000 thousand shares with $10 per share in September 2013, 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.

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

6) The quoted market price of investments in associates which are publicly traded stocks is summarized as follows (based on the closing price of those investments at the balance sheet date):

Name of Associate	December 31 2014	 2013
Luen Thai Holdings Ltd.	$ 583,810	$ 1,053,339
Eagle Nice (International) Holdings Limited	$ 1,089,102	$ 952,031
Evermore Chemical Industry Co., Ltd.	$ 327,437	$ 361,266
San Fang Chemical Industry Co., Ltd.	$ 5,027,686	$ 5,105,835
Elitegroup Computer Systems Co., Ltd.	$ 2,896,996	$ 2,423,387

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

	December 31 2014	 2013
Total assets	$ 2,961,368,010	$ 2,591,289,231
Total liabilities	$(2,848,220,350)	$(2,501,304,085)

	For the Year Ended December 31 2014	 2013
Revenue	$ 669,293,564	$ 645,145,159
Net income	$ 24,874,270	$ 24,415,898
Other comprehensive income	$ 3,108,222	$ (56,593,206)
Share of profit of associates	$ 5,153,682	$ 4,792,798

b. Investments in joint ventures

	December 31 2014	 2013
Unlisted companies	$ 15,131,863	$ 13,742,334

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

Name of Associate	December 31 2014	 2013
Artesol Limited	50.00%	50.00%
Beijing Baojing Kangtai Trading Co., Ltd.	50.00%	50.00%
Best Focus Holdings Ltd.	50.00%	50.00%
Blessland Enterprises Limited	50.00%	50.00%

(Continued)

Name of Associate	December 31 2014	December 31 2013
Cohen Enterprises Inc.	50.00%	50.00%
Din Tsun Holding Co., Ltd.	50.00%	50.00%
Great Skill Industrial Limited	50.00%	50.00%
Guiyang Baoshang Sports Goods Company Limited	50.00%	50.00%
Hangzhou Baohong Sports Goods Company Limited	50.00%	50.00%
Hefei Tengrei Sports Goods Company Limited	50.00%	50.00%
High Style Investments Limited	-	50.00%
Hua Jian Industrial Holding Co., Limited	50.00%	50.00%
Jilin Lingpao Sports Goods Company Limited	50.00%	50.00%
Jilin Xinfangwei Sports Goods Company Limited	50.00%	50.00%
Jumbo Power Enterprises Limited	50.00%	50.00%
Ka Yuen Rubber Factory Limited	50.00%	50.00%
Most Honour International Limited	50.00%	50.00%
Poulik Properties Management Co., Ltd.	30.00%	30.00%
Precise Zone Investments Limited	-	47.65%
Pygf Co., Ltd.	-	50.00%
Shaanxi Jixian Longyue Sports Goods Company Limited	50.00%	50.00%
Smart Shine Industries Limited	50.00%	50.00%
Texas Clothing Holdings Corp.	49.99%	49.99%
Topmost Industries Limited	50.00%	50.00%
Twinways Investments Limited	50.00%	50.00%
Well Success Investment Limited	40.00%	40.00%
Willpower Industries Limited	44.84%	44.84%
Zhong Ao Multiplex Management Limited	46.82%	46.82%
Hebei Olivier Trading Co., Ltd.	45.00%	45.00%

(Concluded)

2) The investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2014 and 2013 were 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 2014	December 31 2013
Current assets	$ 18,059,268	$ 16,786,176
Non-current assets	$ 7,206,072	$ 6,665,501
Current liabilities	$ (9,727,754)	$ (9,205,572)
Non-current liabilities	$ (1,847,379)	$ (1,722,669)
Non-controlling interests	$ (250,415)	$ (249,855)

	For the Year Ended December 31 2014	For the Year Ended December 31 2013
Income recognized in profit or loss		
Income	$ 23,493,272	$ 22,236,516
Expense and loss	$ (22,492,669)	$ (22,051,945)

17. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
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)
Disposal of subsidiaries	-	(70,694)	(269,892)	(14,412)	(22,848)	(6,418)	-	(384,264)
Reclassification - other	(198,043)	1,781,417	32,852	2,130	149	207	(1,367,155)	251,557
Effect of exchange rate changes	-	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)
Reversal (recognized) of 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
Reclassification - other	266	(507,848)	(13,499)	-	179	(184)	-	(521,086)
Effect of exchange rate changes	-	(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 January 1, 2013	$ 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
Cost								
Balance at January 1, 2014	$ 2,310,312	$ 61,736,809	$ 35,795,454	$ 1,282,404	$ 6,423,823	$ 200,442	$ 970,259	$ 108,719,503
Additions	-	2,230,397	4,454,148	126,686	714,669	8,447	2,301,414	9,835,761
Acquisitions through business combinations	-	1,643	-	358	1,254	-	-	3,255
Disposal of subsidiaries	-	(13,798)	(122,416)	(8,481)	(4,241)	-	(329)	(149,265)
Disposals	(77,357)	(893,756)	(2,387,459)	(148,151)	(614,924)	(34,704)	-	(4,156,351)
Reclassification as non-current assets held for sale	-	(149,958)	(63,806)	(7,628)	(10,951)	-	(411)	(232,754)
Reclassification - other	46,476	8,089	12,897	15,238	-	-	(513,468)	(430,768)
Effect of exchange rate changes	-	3,262,971	2,154,770	63,077	346,888	480	56,235	5,884,421
Balance at December 31, 2014	$ 2,279,431	$ 66,182,397	$ 39,843,588	$ 1,323,503	$ 6,856,518	$ 174,665	$ 2,813,700	$ 119,473,802
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ (4,975)	$ (22,328,731)	$ (21,736,084)	$ (861,456)	$ (4,456,228)	$ (175,093)	$ (57,097)	$ (49,619,664)
Depreciation expense	-	(3,050,678)	(3,366,294)	(130,228)	(640,736)	(14,267)	-	(7,202,203)
Disposal of subsidiaries	-	4,749	69,854	4,987	2,688	-	-	82,278
Reversals of impairment losses	-	116	-	-	-	-	-	116
Disposals	-	672,688	1,682,468	123,528	550,482	33,928	-	3,063,094
Reclassification as non-current assets held for sale	-	60,072	48,899	3,798	9,938	-	-	122,707
Reclassification - other	(266)	572,261	-	-	-	-	-	571,995
Effect of exchange rate changes	-	(1,239,569)	(1,444,018)	(45,706)	(261,956)	(422)	-	(2,991,671)
Balance at December 31, 2014	$ (5,241)	$ (25,309,092)	$ (24,745,175)	$ (905,077)	$ (4,795,812)	$ (155,854)	$ (57,097)	$ (55,973,348)
Carrying amounts at January 1, 2014	$ 2,305,337	$ 39,408,078	$ 14,059,370	$ 420,948	$ 1,967,595	$ 25,349	$ 913,162	$ 59,099,839
Carrying amounts at December 31, 2014	$ 2,274,190	$ 40,873,305	$ 15,098,413	$ 418,426	$ 2,060,706	$ 18,811	$ 2,756,603	$ 63,500,454

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
Elevators	15 years
Machinery and equipment	5-12 years
Transportation equipment	5 years
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.

18. INVESTMENT PROPERTIES

	2014	2013
Cost		
Balance at January 1	$ 2,599,092	$ 1,827,374
Additions	-	363
Reclassification	88,634	750,304
Effect of exchange rate changes	72,253	21,051
Balance at December 31	$ 2,759,979	$ 2,599,092
Accumulated depreciation and impairment		
Balance at January 1	$ (445,629)	$ (345,431)
Depreciation expense	(24,325)	(18,676)
Reversals of impairment losses	5,417	6,873
Reclassification	(15,648)	(79,599)
Effect of exchange rate changes	(25,485)	(8,796)
Balance at December 31	$ (505,670)	$ (445,629)
Carrying amounts at January 1	$ 2,153,463	$ 1,481,943
Carrying amounts at December 31	$ 2,254,309	$ 2,153,463

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 value as appraised were as follows:

	December 31	
	2014	2013
Investment properties	$ 3,340,521	$ 3,072,904

c. Refer to Note 38 for the carrying amount of investments properties pledged by the Group to secure borrowings.

19. GOODWILL

	2014	2013
Cost		
Balance at January 1	$ 8,599,567	$ 8,380,759
Deregistration of subsidiaries	(13,071)	-
Disposal of subsidiaries	-	(9,381)
Effect of exchange rate changes	549,669	228,189
Balance at December 31	$ 9,136,165	$ 8,599,567

The carrying value of goodwill had been allocated to four cash-generating units was as follows:

	December 31 2014	December 31 2013
Goodwill		
Manufacturing and marking of footwear materials	$ 5,764,320	$ 5,428,295
Manufacturing and marking of sports apparel	181,165	170,604
Retailing business - retail sales and footwear and apparel	2,712,342	2,566,538
Other	478,338	434,130
	$ 9,136,165	$ 8,599,567

Based on the assessments of the recoverable amounts of these cash-generating units, no impairment loss was recognized during 2014 and 2013. 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 were 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			
	2014		2013	
	Discount Rate	Growth Rate	Discount Rate	Growth Rate
Manufacturing and marking of footwear materials	14%	2%	15%	2%
Manufacturing and marking of sports apparel	14%	2%	15%	2%
Retailing business - retail sales and footwear and apparel	14%	3%	15%	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

	Patents	Trademark	Customer Relationship	Brandnames	Licensing Agreements	Non-compete Agreements	Total
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
Disposal of subsidiaries	(2,806)	(50)	-	-	-	-	(2,856)
Effect of exchange rate changes	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)
Recognized of impairment losses	-	-	(12,589)	(142,766)	-	(170,456)	(325,811)

(Continued)

	Patents	Trademark	Customer Relationship	Brandnames	Licensing Agreements	Non-compete Agreements	Total
Disposal of subsidiaries	$ 839	$ 20	$ -	$ -	$ -	$ -	$ 859
Effect of exchange rate changes	(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 January 1, 2013	$ 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
Cost							
Balance at January 1, 2014	$ 604	$ 158	$ 262,493	$ 2,297,130	$ 310,658	$ 2,186,525	$ 5,057,568
Additions	151	138	-	-	-	-	289
Acquisitions through business combinations	-	-	-	-	176,204	-	176,204
Effect of exchange rate changes	(7)	(1)	9,413	82,443	20,204	78,475	190,527
Balance at December 31, 2014	$ 748	$ 295	$ 271,906	$ 2,379,573	$ 507,066	$ 2,265,000	$ 5,424,588
Accumulated amortization and impairment							
Balance at January 1, 2014	$ (86)	$ (24)	$ (121,068)	$ (292,744)	$ (64,737)	$ (1,055,276)	$ (1,533,935)
Amortization expense	(84)	(114)	(30,368)	-	(44,920)	(161,777)	(237,263)
Effect of exchange rate changes	1	(1)	(5,422)	(10,526)	(3,841)	(43,598)	(63,387)
Balance at December 31, 2014	$ (169)	$ (139)	$ (156,858)	$ (303,270)	$ (113,498)	$ (1,260,651)	$ (1,834,585)
Carrying amounts at January 1, 2014	$ 518	$ 134	$ 141,425	$ 2,004,386	$ 245,921	$ 1,131,249	$ 3,523,633
Carrying amounts at December 31, 2014	$ 579	$ 156	$ 115,048	$ 2,076,303	$ 393,568	$ 1,004,349	$ 3,590,003

(Concluded)

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

Items	Estimated Useful Life
Patents	10-20 years
Trademark	5-10 years
Customer relationship	8 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 life because they are expected to contribute to net cash inflows to the Group indefinitely.

21. BORROWINGS

a. Short-term borrowings

	December 31	
	2014	2013
Unsecured borrowings		
Credit borrowings	$ 18,422,674	$ 16,640,291

The range of effective interest rate on bank borrowings was 0.89%-6.33% and 0.8%-7.02% per annum as of December 31, 2014 and 2013, respectively.

b. Short-term bills payable

December 31, 2014

	Annual Interest Rate %	Amount
Commercial paper	0.68-0.91	$ 1,753,000
Less: Unamortized discount on bills payable		(924)
		$ 1,752,076

December 31, 2013

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

c. Long-term borrowings

	Term	Article	Interest Rate %	December 31 2014	December 31 2013
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.	1.08	$ 2,215,500	$ 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.	1.17	1,582,500	1,490,250
Citibank	2013.04.23-2016.04.23	Facility is US$40,000 thousand. The principal will be fully repaid upon maturity. Interest is paid quarterly.	1.08	1,266,000	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.	1.08	2,215,500	2,086,350
Bank of America	2013.05.10-2016.05.10	Facility is US$70,000 thousand. The principal will be fully repaid upon maturity. Interest is paid quarterly.	1.08	2,215,500	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.	1.13	1,582,500	1,490,250
Chinatrust Commercial Bank (lead lender) syndication loan	2011.05.12-2016.06.10	Facility is US$300,000 thousand. The principal will be repaid in semiannual installment payments from January 12, 2015. Interest is paid quarterly or semiannually.	0.69	9,495,000	8,941,500
First Commercial Bank (lead lender) syndication loan	2011.06.29-2016.09.29	Facility is $13,000,000 thousand. The rate is based on the average interest rate of a 90-day or 180-day short-term bill of secondary market. The principal will be repaid in semiannual installment payments from March 27, 2015.	1.46	7,000,000	7,000,000
Bank of Taiwan (lead lender) syndication loan	2013.06.03-2018.06.03	Facility is $10,000,000 thousand. The rate is based on the average interest rate of a 90-day or 180-day short-term bill of secondary market. The principal will be repaid in semiannual installment payments from December 2, 2016.	1.59	10,000,000	10,000,000
Yuanta Bank	2013.06.13-2016.06.12	Facility is $500,000 thousand. The above facility may be used on a revolving basis. The principal will be fully repaid upon maturity. Interest is paid monthly.	1.20	500,000	500,000
Chang Hwa 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	488,000
Mizuho Bank	2014.05.27-2019.05.27	Facility is US$100,000 thousand. The principal will be full repaid upon maturity. Interest in paid quarterly.	1.43	3,165,000	-
SMBC	2014.04.25-2019.05.02	Facility is US$100,000 thousand. The principal will be full repaid upon maturity. Interest in paid quarterly.	1.43	3,165,000	-
Scotiabank	2014.05.07-2019.05.14	Facility is US$90,000 thousand. The principal will be full repaid upon maturity. Interest in paid quarterly.	1.43	2,848,500	-
BNP Paribas	2014.05.12-2019.05.14	Facility is US$80,000 thousand. The principal will be full repaid upon maturity. Interest in paid quarterly.	1.43	2,532,000	-
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 monthly. The principal were fully prepaid in November 2014.	-	-	1,490,250
Industrial Bank of Taiwan	2012.12.26-2015.12.25	Facility is $400,000 thousand. The above facility may be used on a revolving basis. The principal will be fully repaid upon maturity. Interest is paid monthly. The principal were fully prepaid in October 2014.	-	-	400,000

(Continued)

	Term	Article	Interest Rate %	December 31 2014	December 31 2013
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. The principal were fully prepaid in August 2014.	-	$ -	$ 8,361,006
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. The principal were fully repaid in September 2014	-	-	424,637
				50,271,000	48,037,143
Less: Current portion				(8,247,500)	(8,785,643)
Less: Long-term expenses for syndication loan				(55,110)	(41,259)
				$ 41,968,390	$ 39,210,241

(Concluded)

The Group provided collaterals in accordance with the requirements of the bank, refer to Note 38.

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31 2014	December 31 2013
Notes payable (included related parties)		
Operating	$ 72,550	$ 49,435
Non-operating	2,267	2,735
	$ 74,817	$ 52,170
Accounts payable (included related parties)	$ 15,098,035	$ 14,276,711

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

23. OTHER PAYABLES

	December 31 2014	December 31 2013
Payable for salaries	$ 11,257,543	$ 9,812,602
Payable for purchase of property, plant and equipment	1,380,791	783,209
Compensation due to directors and supervisors	323,169	210,538
Employee bonus payable	536,360	317,893
Interest payable	121,902	85,316
Payable for acquisition of subsidiary and business	538,841	562,420
Payable for annual leave	1,248,502	1,145,388
Others (Note 39)	9,120,931	7,835,065
	$ 24,528,039	$ 20,752,431
Current	$ 23,856,859	$ 20,069,301
Non-current	671,180	683,130
	$ 24,528,039	$ 20,752,431

24. 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 equal to 2% of total monthly salaries and wages to a pension fund administered by the Pension Fund Monitoring Committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The plan assets are invested in domestic 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	
	2014	2013
Discount rate	1.75%	1.75%-2.00%
Expected return rate on plan assets	2.00%	2.00%
Expected rate of salary increase	2.00%-2.50%	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	
	2014	2013
Current service cost	$ 22,938	$ 23,231
Interest cost	29,179	22,391
Expected return on plan assets	(4,933)	(8,745)
Past service cost	-	149
Curtailment gain	(15,357)	-
	$ 31,827	$ 37,026
An summary by function		
Operating cost	$ 427	$ 941
Marketing expenses	40	(46)
Administration expenses	19,823	16,565
Research and development expenses	11,537	19,566
	$ 31,827	$ 37,026

Actuarial losses recognized in other comprehensive income and transferred to retained earnings for the years ended December 31, 2014 and 2013 were $182,530 thousand and $242,043 thousand, respectively. The cumulative amount of actuarial losses recognized in other comprehensive income as of December 31, 2014 and 2013 was $619,069 thousand and $436,539 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	
	2014	2013
Present value of funded defined benefit obligation	$ 1,745,499	$ 1,745,989
Fair value of plan assets	(154,449)	(320,511)
Net liability arising from defined benefit obligation	$ 1,591,050	$ 1,425,478

The net amounts of accrued pension liability in the consolidated balance sheet as at December 31, 2014 and 2013 were as follows:

	December 31	
	2014	2013
Accrued pension liability	$ 1,714,985	$ 1,534,353
Less: Prepaid pension (Note 15)	(123,935)	(108,875)
	$ 1,591,050	$ 1,425,478

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

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 1,745,989	$ 1,627,366
Current service cost	22,938	23,231
Interest cost	29,179	22,391
Actuarial losses	184,493	238,344
Benefits paid	(221,743)	(165,343)
Curtailment gain	(15,357)	-
Balance at December 31	$ 1,745,499	$ 1,745,989

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

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 320,511	$ 450,226
Expect return on plan assets	4,933	8,745
Actuarial gains (losses)	1,958	(3,715)
Contributions from the employer	48,790	30,598
Benefit paid	(221,743)	(165,343)
Balance at December 31	$ 154,449	$ 320,511

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were $6,891 thousand and $5,030 thousand, respectively.

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

	December 31	
	2014	2013
Equity instruments	49.07	43.64
Debt instruments	11.73	9.83
Cash and short-term commercial paper	21.73	26.51
Fixed income instruments	14.57	19.11
Others	2.90	0.91
	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, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ (1,745,499)	$ (1,745,989)	$ (1,627,366)	$ (1,518,997)
Fair value of plan assets	$ 154,449	$ 320,511	$ 450,226	$ 508,142
Deficit	$ (1,591,050)	$ (1,425,478)	$ (1,177,140)	$ (1,010,855)
Experience adjustments on plan liabilities	$ (184,089)	$ (326,830)	$ (188,517)	$ -
Experience adjustments on plan assets	$ 1,958	$ (3,715)	$ (5,979)	$ -

The Group expects to make a contribution of $229,612 thousand and $31,014 thousand, respectively to the defined benefit plans in the next year starting from 2014 and 2013.

25. EQUITY

a. Share capital

	December 31	
	2014	2013
Numbers of shares authorized (in thousands)	4,500,000	4,500,000
Shares authorized	$ 45,000,000	$ 45,000,000
Number of shares issued and fully paid (in thousands)	2,944,137	2,944,137
Shares issued	$ 29,441,372	$ 29,441,372

The Company’s employee share options were exercised for 952 thousand shares (amounted to $9,523 thousand) during the year ended December 31, 2013.

b. Capital surplus

	December 31	
	2014	**2013**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Recognized from issuance of common shares	$ 827,403	$ 827,403
Recognized from conversion of bonds	1,447,492	1,447,492
Recognized from treasury share transactions	1,824,608	1,606,313
Recognized from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	503,573	465,103
May be used to offset a deficit only (2)		
Recognized from share of changes in equities of subsidiaries	19,788	19,788
May not be used for any purpose		
Recognized from share of changes in net assets of associates or joint ventures	4,685	-
	$ 4,627,549	$ 4,366,099

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

2) Such capital surplus are recognized from share of changes in equities of subsidiaries that resulted from equity transactions, or from share of changes in capital surplus of subsidiaries accounted by using equity method when there was no actual disposal or acquisition of subsidiaries.

c. Retained earnings and dividend policy

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

1) For paying taxes,

2) For offsetting deficits,

3) For legal reserve at 10% of the profits left over, and according to Article 41-1 of Securities Transaction Act, in addition to the appropriation for legal reserve, appropriation for special reserve in amount equal to debit balances, if any, in shareholders' equity (such as unrealized gain or loss on available for sale assets and exchange differences on translation foreign operations). The special reserve can be reversed and distributed as retained earnings if such deduction of shareholders' equity reversed.

4) Bonus to directors and supervisors of the Company of not more than 3% after the items one to three above were appropriated,

5) Bonus to employees of the Company of not more than 5% and not less than 1% after the items one to four above were appropriated,

6) As special reserve or being retained partially, if necessary,

7) Dividends to shareholders 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, 2014 and 2013, the bonus to employees was $334,667 thousand and $142,211 thousand, respectively, and the remuneration to directors and supervisors was $169,882 thousand and $72,188 thousand, respectively. The bonus to employees and remuneration to directors and supervisors were both expense based on estimated amount of past payment experience 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, the fair value of the shares refer to the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the shareholders' meeting.

Under Rule No. 1010012865, No. 1010047490 issued by the FSC and the "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", a special reserve from unappropriated earnings shall be made. The special reserve can be reversed and distributed as retained earnings if such deduction of shareholders' equity reversed.

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

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

The appropriations of earnings for 2013 and 2012 had been approved in the shareholders' meetings on June 17, 2014 and June 14, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For Year 2013	**For Year 2012**	**For Year 2013**	**For Year 2012**
Legal reserve	$ 1,061,945	$ 1,015,634	$ -	$ -
Special reserve	4,744,957	1,172,074	-	-
Cash dividends	2,944,137	4,416,205	1.00	1.50

	2014		**2013**	
	Cash Dividend	**Share Dividend**	**Cash Dividend**	**Share Dividend**
Bonus to employees	$ 142,211	$ -	$ 235,472	$ -
Remuneration to directors and supervisors	72,188	-	119,529	-

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the ROC ("ROC GAAP"), and by reference to the balance sheet as of December 31, 2012, which was prepared in accordance with the Regulations 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 on June 17, 2014 and June 14, 2013 and the amounts recognized in the financial statements for the years ended December 31, 2013 and 2012.

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

d. Other equity item

1) Exchange differences on translation foreign operations

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ 20,776	$ (1,843,619)
Exchange differences arising on translation of foreign operations	3,242,459	1,788,886
Share of other comprehensive income of associates and joint ventures	82,514	75,509
Balance at December 31	$ 3,345,749	$ 20,776

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

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ (9,200,823)	$ (176,725)
Unrealized (loss) gain on available-for-sale financial assets	(306,598)	1,376,810
Unrealized gain (loss) on available-for-sale financial assets of associates and joint ventures	553,119	(10,400,908)
Balance at December 31	$ (8,954,302)	$ (9,200,823)

3) Cash flow hedges

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ -	$ (5,430)
Gain arising on the changes in the fair value of hedges instruments - interest rate swaps	-	5,430
Balance at December 31	$ -	$ -

e. Non-controlling interests

	For the Year Ended December 31	
	2014	2013
Balance at January 1	$ 76,409,295	$ 70,345,509
Share of non-controlling interests		
Net income	5,243,943	6,291,501
Exchange differences arising on translation of foreign operations	(692,751)	471,860
Unrealized (loss) gain on available-for-sale financial assets	(12,005)	84,188
Change in non-controlling interests	462,894	(783,763)
Balance at December 31	$ 81,411,376	$ 76,409,295

f. Treasury shares

The changes in treasury shares were summarized as follows:

	Beginning of Year	Addition	Reduction	End of Year
For the year ended December 31, 2014				
Shares held by subsidiaries	9,934,059	-	(9,934,059)	-
For the year ended December 31, 2013				
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 Investments Co., Ltd.	3,586,358	$ 68,161	$ 159,772
Barits Development Corporation	4,827,561	96,361	215,068
Song Ming Investments Corporation	91,094	1,818	4,058
Pou Yii Development Co., Ltd.	1,615,313	25,415	71,962
		$ 191,755	$ 450,860

1) The Company's shares held by its subsidiaries were deducted total consideration of 9,934,059 shares which were sold by Pou Shine Investments Co., Ltd. and other companies during the year ended December 31, 2014. And the profit of $218,295 thousand was recognized as capital surplus from treasury shares transactions.

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

26. REVENUE

	For the Year Ended December 31	
	2014	2013
Revenue from the products	$ 243,375,989	$ 226,044,670
Revenue from the rendering of services	87,562	109,012
Rental income	29,541	25,903
Revenue from entertainment and resort	483,206	484,984
	$ 243,976,298	$ 226,664,569

27. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

a. Other income

	For the Year Ended December 31	
	2014	2013
Rental income		
Rental income from operating lease		
Investment properties	$ 38,051	$ 38,129
Others	283,524	297,905
	321,575	336,034
Interest income		
Cash in bank	396,638	297,537
Repurchase agreements collateralized by bonds	5,175	11,614
Debt investment with no active market	82,019	21,875
Others	4,339	6,794
	488,171	337,820
Dividend income	610,535	545,546
Others	1,938,937	2,361,529
	$ 3,359,218	$ 3,580,929

b. Other gains and losses

	For the Year Ended December 31	
	2014	2013
Net gain (loss) on disposal of property, plant and equipment	$ 48,835	$ (424,698)
Net foreign exchange gain	209,293	767,013
Net (loss) gain on disposal of subsidiaries, associates and joint ventures	(134,840)	1,228,802
Net (loss) gain on disposal of available-for-sale financial assets	(128,103)	25,483
Net gain (loss) on disposal of financial assets measured at cost	85,257	(10,269)
Net gain arising on financial assets designated as at FVTPL	82,534	720,237
Net (loss) gain arising on financial liabilities designated as at FVTPL	(693,232)	84,984
Reversal (recognized) of impairment loss	176,284	(876,641)
Others	(130,459)	(189,933)
	$ (484,431)	$ 1,324,978

c. Finance costs

	For the Year Ended December 31	
	2014	2013
Interest on bank borrowings	$ 1,038,792	$ 1,212,523
Interest on short-term bills payable	16,898	21,405
Other interest expense	19,624	16,244
	$ 1,075,314	$ 1,250,172

d. Depreciation and amortization

	For the Year Ended December 31	
	2014	2013
Property, plant and equipment	$ 7,202,203	$ 7,415,545
Investment properties	24,325	18,676
Other intangible assets	237,263	244,192
Prepayments for lease	186,475	176,464
	$ 7,650,266	$ 7,854,877
An analysis of depreciation by function		
Operating costs	$ 4,662,388	$ 4,859,334
Operating expenses	2,556,154	2,561,420
Non-operating expenses	7,986	13,467
	$ 7,226,528	$ 7,434,221
An analysis of amortization by function		
Operating costs	$ 1,180	$ 34
Operating expenses	422,558	419,925
Non-operating expenses	-	697
	$ 423,738	$ 420,656

e. Direct expenses with investment properties

	For the Year Ended December 31	
	2014	2013
Direct operating expenses from investment properties that generated rental income	$ 36,440	$ 42,745

f. Employee benefits expense

	For the Year Ended December 31	
	2014	2013
Post-employment benefits		
Defined contribution plans	$ 6,161,747	$ 2,846,930
Defined benefit plans	31,827	37,026
	6,193,574	2,883,956

(Continued)

	For the Year Ended December 31	
	2014	2013
Share-based payments		
Equity-settled share-based payments	$ 46,267	$ (1,611)
Termination benefits	39,380	29,806
Other employee benefits	58,731,676	54,129,125
Total employee benefits expense	$ 65,010,897	$ 57,041,276
An analysis of employee benefits expense by function		
Operating costs	$ 45,533,539	$ 42,548,663
Operating expenses	19,477,358	14,492,613
	$ 65,010,897	$ 57,041,276

(Concluded)

As of December 31, 2014 and 2013, there were 411,593 and 416,515 employees, respectively, in the Group.

28. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current period	$ 1,706,035	$ 1,518,914
Income tax expense of unappropriated earnings	175,352	357,298
	1,881,387	1,876,212
Deferred tax	116,346	(149,951)
Adjustments for prior years' income tax	17,197	94,882
Income tax expense recognized in profit or loss	$ 2,014,930	$ 1,821,143

A reconciliation of accounting profit and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2014	2013
Income before income tax	$ 15,874,379	$ 18,732,093
Income tax expense calculated at the statutory rate	2,698,644	3,184,456
Tax effect of adjusting items		
Tax-exempt income	(1,074,928)	(1,535,014)
Others	77,757	(130,528)
Additional income tax under the alternative minimum tax act	4,562	-
Income tax on unappropriated earnings	175,352	357,298
Current tax	1,881,387	1,876,212

(Continued)

	For the Year Ended December 31	
	2014	2013
Deferred tax	$ 116,346	$ (149,951)
Adjustments for prior years' income tax	17,197	94,882
Income tax expense recognized in profit or loss	$ 2,014,930	$ 1,821,143

(Concluded)

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

As the status of 2015 appropriations of earnings is uncertain, the potential income tax consequences of 2014 unappropriated earnings are not reliably determinable.

b. Deferred tax assets and liabilities

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

	December 31	
	2014	2013
Deferred tax assets		
Temporary differences		
Unrealized pension expense	$ 118,414	$ 118,257
Others	438,224	292,898
	$ 556,638	$ 411,155
Deferred tax liabilities		
Temporary differences		
Investment income from foreign subsidiaries	$ 618,758	$ 506,684
Others	1,263,566	1,262,653
	$ 1,882,324	$ 1,769,337

c. Integrated income tax

	December 31	
	2014	2013
Unappropriated earnings		
Unappropriated earnings generated before January 1, 1998	$ 221,425	$ 221,425
Unappropriated earnings generated on and after January 1, 1998	23,453,881	23,779,118
	$ 23,675,306	$ 24,000,543
Imputation credits accounts	$ 1,526,476	$ 941,840

	For the Year Ended December 31	
	2014 (Expected)	2013 (Actual)
Creditable ratio for distribution of earning	9.55%	9.35%

d. Income tax assessments

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

29. EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share for the years ended December 31, 2014 and 2013 were as follows:

	For the Year Ended December 31	
	2014	2013
Net income (in thousand dollars)		
Earnings used in the computation of earnings per share	$ 8,615,506	$ 10,619,449
Weighted average number of shares outstanding (in thousand shares)		
Weighted average number of common shares in computation of basic earnings per share	2,944,137	2,934,000
Effect of potentially dilutive common shares:		
Employee share options	72,619	61,220
Bonus to employee	10,507	10,901
Weighted average number of common shares used in the computation of diluted earnings per share	3,027,263	3,006,121
Earnings per share (in dollars)		
Basic earnings per share	$2.93	$3.62
Diluted earnings per share	$2.85	$3.53

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

30. SHARE-BASED PAYMENT ARRANGEMENTS

Information about Pou Chen's Employee Share Options

As at November 6, 2007, the Company has issued 125,500,000 units of employee share options to the employees with an exercise price of $29.80 dollars per share. Each of the aforementioned individual employee share options 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 share options granted but not exercised will also be adjusted. After the aforementioned adjustment, the exercise price and issued units of employee share options were $18.70 and 148,440,178 units, respectively, as of December 31, 2014.

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

	For the Year Ended December 31			
	2014		2013	
Employee Share Options	**Number of Shares Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (NT$)**	**Number of Shares Purchasable (Thousand Shares)**	**Weighted-average Exercise Price (NT$)**
Balance at January 1	148,441	$ 19.20	149,393	$ 20.20
Options exercised	-	-	(952)	20.20
Balance at December 31	148,441	18.70	148,441	19.20
Exercisable options at December 31	148,441	18.70	148,441	19.20

Information about outstanding employee share options as of December 31, 2014 and 2013 was as follows:

	December 31	
	2014	2013
Exercise price (NT$)	$18.70	$19.20
Weighted-average remaining contractual life (years)	2.85 years	3.85 years

Information about Yue Yuen's Employee Share Options

On January 28, 2014, the board of directors of Yue Yuen adopted a share award scheme. Under the share award scheme, a trustee which is independent of Yue Yuen purchased Yue Yuen shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Yue Yuen as at the date of grant (January 28, 2014) during the valid period (from January 28, 2014 to January 28, 2024). The maximum number of shares which may be awarded to all participants under the scheme shall not exceed 1% of the issued share capital of Yue Yuen.

During the year ended December 31, 2014, a total of 2,730 thousand shares of Yue Yuen have been acquired at an aggregate cost of US$8,814 thousand, and 1,530 thousand shares were granted to selected participants on March 7, 2014 and May 29, 2014. Information about the awards was as follows:

	Number of Shares (Thousand Shares)
Balance at January 1	-
Options granted	1,530
Options cancelled	(45)
Balance at December 31	1,485
Exercisable options at December 31	-

Yue Yuen adopted the Black-Scholes option pricing model and the estimated fair value of the share options amounted to $121,599 thousand (US$3,842 thousand) on the grant date, and the factors were as follows:

	Granted on March 27, 2014	**Granted on May 29, 2014**
Grant date share price	HK$24.40	HK$24.15
Risk free rates	0.417%	0.300%
Expected volatility	30%	30%
Vesting period	2 years	2 years
Expected dividend yield	4.5%	4.5%

The Group recognized $43,700 thousand compensation cost for the year ended December 31, 2014.

Information about Pou Sheng's Employee Share Options

a. 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 options to eligible persons, including directors and employees of Pou Sheng and its subsidiaries, to subscribe for shares in Pou Sheng. The details of the plan under the scheme were as follows:

   1) Without prior approval from Pou Sheng's stockholders, the number of shares that may be granted under the following limits:

      a) 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 in issue at any point in time;

      b) The number of shares issued and to be issued in respect of which options 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 in issue at any point in time; and

      c) 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.

   2) 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, 2014 and 2013 was as follows:

	For the Year Ended December 31			
	2014		2013	
Employee Share Options	Number of Shares Purchasable (Thousand Shares)	Weighted-average Exercise Price (HK$)	Number of Shares Purchasable (Thousand Shares)	Weighted-average Exercise Price (HK$)
Balance at January 1	57,067	$ 1.38	76,335	$ 1.41
Options cancelled	(2,055)	1.31	(19,268)	1.48
Balance at December 31	55,012	1.39	57,067	1.38
Exercisable options at December 31	49,462	1.41	36,266	1.40

Information about outstanding employee share options as of December 31, 2014 and 2013, was as follows:

	December 31	
	2014	2013
Range of exercise price (HK$)	$1.05-$1.62	$1.05-$1.62
Weighted-average remaining contractual life (years)	3.62 years	4.68 years

In the subscription plans granted on January 21, 2010, January 20, 2011 and March 7, 2012, Pou Sheng adopted the Black-Scholes option pricing model and Binomial option pricing model to estimate the fair value of share options 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
Granted on January 21, 2010				
Exercise price	HK$1.62	HK$1.62	HK$1.62	HK$1.62
Grant date share price	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 rates	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
Granted on January 20, 2011				
Exercise price	HK$1.23	HK$1.23	HK$1.23	HK$1.23
Grant date share price	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 rates	0.96%	0.96%	0.96%	0.96%
Fair value per share option	HK$0.15	HK$0.12	HK$0.10	HK$0.08

(Continued)

	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
Granted on March 7, 2012				
Exercise price	HK$1.05	HK$1.05	HK$1.05	HK$1.05
Grant date share price	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 rates	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

(Concluded)

The Group recognized $38 thousand and $(1,611) thousand compensation cost (income) for the years ended December 31, 2014 and 2013, respectively.

b. On May 9, 2014, the board of directors of Pou Sheng adopted a share award scheme. Under the share award scheme, a trustee which is independent of Pou Sheng purchased Pou Sheng shares from the secondary market, and the shares will vest to the selected participants through a trust agreement. The awarded shares shall not exceed 2% of the issued share capital of Pou Sheng as at the date of grant (May 9, 2014) during the valid period (from May 9, 2014 to May 9, 2024). The maximum number of shares which may be awarded to all participants under the scheme shall not exceed 1% of the issued share capital of Pou Sheng.

During the year ended December 31, 2014, a total of 20,000 thousand shares of Pou Sheng have been acquired at an aggregate cost of US$1,168 thousand, and 12,200 thousand shares were granted to selected participants on September 1, 2014. Information about the awards was as follows:

	Number of Shares (Thousand Shares)
Balance at January 1	-
Options granted	12,200
Options cancelled	(700)
Balance at December 31	11,500
Exercisable options at December 31	-

Pou Sheng adopted the Black-Scholes option pricing model and the estimated fair value of the share options amounted to $24,909 thousand (US$787 thousand) on the grant date, and the factors were as follows:

	Granted on September 1, 2014
Grant date share price	HK$0.72
Risk free rates	0.71%
Expected volatility	47%
Vesting period	3 years
Expected dividend yield	-

The Group recognized $2,529 thousand compensation cost for the year ended December 31, 2014.

31. BUSINESS COMBINATIONS

The Group acquired of subsidiaries during the year ended December 31, 2014 as follows:

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Welcome Wealth Group	Retailing of sporting goods	2014.04.07	100	$ 201,887

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

a. Considerations transferred

Cash and cash equivalents	$ 201,887

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

Assets	
Cash and cash equivalents	$ 60,297
Receivables and other receivables	175,397
Inventories	130,660
Property, plant and equipment	3,255
Intangible assets	176,204
Others	20,995
Liabilities	
Payables and other payables	(224,465)
Bank borrowings	(98,555)
Deferred tax liabilities	(41,901)
	$ 201,887

c. Net cash outflow on acquisition of subsidiaries

Consideration paid in cash	$ 201,887
Less: Cash and cash equivalent balances acquired	(60,297)
	$ 141,590

32. DISPOSAL OF SUBSIDIARIES

a. The Group dispose of subsidiaries during the year ended December 31, 2014. The assets and liabilities on the date of disposal were as follows:

Assets	
Cash and cash equivalents	$ 53,578
Receivables and other receivables	261,916
Inventories	152,461
Property, plant and equipment	66,987
Liabilities	
Payables and other payables	(198,543)
	$ 336,399

1) Gain on disposal of subsidiaries

Net assets disposed of	$ 336,399
Less: Non-controlling interests	(162,973)
Net value of net assets disposed of	$ 173,426
Consideration received in investments accounted for using equity method	$ 168,167
Consideration received in cash and cash equivalents	6,779
	174,946
Net value of net assets disposed of	(173,426)
Gain on disposal	$ 1,520

2) Net cash outflow on disposal of subsidiaries

Consideration received in cash and cash equivalents	$ 6,779
Less: Cash and cash equivalents balance disposed of	(53,578)
	$ (46,799)

b. The Group dispose of subsidiaries during the year ended December 31, 2013. The assets and liabilities on the date of disposal were as follows:

Assets	
Cash and cash equivalents	$ 474,205
Receivables and other receivables	411,974
Inventories	217,268
Property, plant and equipment	126,471
Intangible assets	11,379
Others	564,551
Liabilities	
Payables and other payables	(288,149)
Tax payable	(916)
Other current liabilities	(7,192)
	$ 1,509,591

1) Gain on disposal of subsidiaries

Net assets disposed of	$ 1,509,591
Less: Non-controlling interests	(181,540)
Cumulative exchange differences reclassified from equity to profit or loss on loss of control of subsidiary	(37,406)
Net value of net assets disposed of	$ 1,290,645
Consideration received in cash and cash equivalents	$ 2,285,823
Consideration received in investments accounted for using equity method	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

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

33. NON-CASH TRANSACTIONS

For the year ended December 31, 2014, the Group entered into non-cash investing activities which refer to the investments accounted for using equity method received as consideration in the disposal of subsidiaries (see Note 32).

34. OPERATING LEASES ARRANGEMENTS

a. The Group as lessee

The future minimum lease payments of non-cancellable operating leases commitments were as follows:

	December 31	
	2014	**2013**
Not later than 1 year	$ 1,679,096	$ 2,090,254
Later than 1 year and not later than 5 years	2,047,628	2,482,578
Later than 5 years	1,508,281	1,294,014
	$ 5,235,005	$ 5,866,846

b. The Group as lessor

The future minimum lease payments of non-cancellable operating leases commitments were as follows:

	December 31	
	2014	**2013**
Not later than 1 year	$ 290,294	$ 232,360
Later than 1 year and not later than 5 years	512,857	379,775
Later than 5 years	1,073,568	1,238,517
	$ 1,876,719	$ 1,850,652

35. 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.

36. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

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

Management believes the carrying amounts of financial assets and financial liabilities in the following table approximate their fair values or their fair values cannot be reliably measured.

	December 31			
	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Debt investments with no active market	$ 2,929,926	$ 2,929,926	$ 1,596,986	$ 1,596,986
Financial assets measured at cost	741,401	-	881,355	-
Other loans and receivables	70,579,412	70,579,412	64,123,468	64,123,468
Financial liabilities				
Bank borrowings	68,638,564	68,638,564	64,636,175	64,636,175
Short-term bills payable	1,752,076	1,752,076	2,201,866	2,201,866
Financial liabilities measured at amortized cost	39,730,216	39,730,216	35,108,030	35,108,030

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 and 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 market for identical assets or liabilities.

	December 31	
	2014	2013
Financial assets		
Financial assets at FVTPL		
Domestic open-ended mutual funds	$ 147,324	$ 146,738
Available-for-sale financial assets		
Domestic listed securities		
Equity investment	13,397,793	13,820,265
Foreign listed securities		
Equity investment	739,861	875,278

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

	December 31	
	2014	2013
Financial assets		
Financial assets at FVTPL		
Derivative financial instruments	$ 80,361	$ 419,585
Financial assets designated as at FVTPL	337,449	375,703

(Continued)

	December 31	
	2014	2013
Financial liabilities		
Financial liabilities at FVTPL		
Derivative financial instruments	$ 674,234	$ 20,430

(Concluded)

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

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

a) The fair value 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 value 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 Group are consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	December 31	
	2014	2013
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 227,685	$ 566,323
Designated as at FVTPL	337,449	375,703
Loans and receivables (Note 1)	73,509,338	65,720,454
Available-for-sale financial assets	14,137,654	14,695,543
Financial assets measured at cost	741,401	881,355
Investments accounted for using equity method	41,071,544	34,822,264
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	674,234	20,430
Amortized cost (Note 2)	110,120,856	101,946,071

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, notes payable, accounts payable, other payables, long-term borrowings, long-term payables and guarantee deposits.

c. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, borrowings, receivables, payables, refundable deposits and guarantee deposits. 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 changes in foreign currency exchange rates and interest rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk.

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 exposing to foreign currency risk at the end of the reporting period are set out in Note 40.

<u>Sensitivity analysis</u>

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

The following table details the Group's sensitivity to 5% increase (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 with New Taiwan dollars strengthened (weakened) 5% against the relevant currency. For a 5% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	For the Year Ended December 31	
	2014	**2013**
USD	$ 13,108	$ 161,434
RMB	(458,881)	(437,109)
HKD	(599)	314,103
VND	(3,585)	26,013
IDR	(8,666)	(26,263)

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 interest 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	
	2014	**2013**
Cash flow interest rate risk		
Financial liabilities	$ 70,390,640	$ 66,838,041

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 period. If 1% increase in interest rate would cause the Group to increase its cash-out by $703,906 thousand and $668,380 thousand during the years ended December 31, 2014 and 2013, respectively.

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

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity price declined by 1%, the fair value of the investments at December 31, 2014 and 2013 would have decrease by $242,130 thousand and $247,533 thousand, respectively.

2) Credit risk

Financial instruments are evaluated for credit risk which represents the potential loss that would be incurred by the Company if the counter-parties or third-parties breached the contracts. The risk includes centralization of credit risk, components, contracts figure, and its accounts receivable. Besides, the Company requires significant clients to provide guarantees or other rights to reduce credit risk of the Company 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, 2014 and 2013, the Group had available unutilized short-term bank borrowing facilities set out in (c) below.

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

The tables had been drawn up based on the undiscounted cash flows of financial liabilities included both interest and principal from the earliest date on which the Group can be required to pay.

December 31, 2014

	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	-	$ 18,306,516	$ 12,807,620	$ 7,350,336	$ 809,894	$ 12,923
Variable interest rate liabilities	1.24	8,411,897	3,817,616	14,500,122	42,137,257	-
Fixed interest rate liabilities	0.99	2,483,105	-	-	-	-
Financial guarantee contracts	-	3,184,022	-	-	-	-
		$ 32,385,540	$ 16,625,236	$ 21,850,458	$ 42,947,151	$ 12,923

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	-	$ 21,099,426	$ 7,425,826	$ 5,325,344	$ 697,734	$ 132,815
Variable interest rate liabilities	1.56	6,144,301	5,443,919	15,920,948	38,020,185	488,000
Fixed interest rate liabilities	0.91	1,156,434	-	-	-	-
Financial guarantee contracts	-	2,769,868	-	-	-	-
		$ 31,170,029	$ 12,869,745	$ 21,246,292	$ 38,717,919	$ 620,815

The amounts included above for variable interest rate instruments for both non-derivative financial liabilities was 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, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Interest rate swaps contracts	$ -	$ -	$ -	$ 38,039	$ -
Forward exchange contracts	319,085	-	-	-	-
Exchange rate option contracts	150,452	-	63,695	102,963	-
	$ 469,537	$ -	$ 63,695	$ 141,002	$ -

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	$ -

c) Financing facilities

	December 31	
	2014	2013
Unsecured bank facility, reviewed annually:		
Amount used	$ 70,130,128	$ 61,156,398
Amount unused	33,097,962	20,364,630
	$ 103,228,090	$ 81,521,028
Secured bank facility:		
Amount used	$ 488,000	$ 488,000
Amount unused	-	-
	$ 488,000	$ 488,000

37. 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. Operating revenue

		For the Year Ended December 31	
Account Items	Related Party Categories	2014	2013
Sales	Associates and joint ventures	$ 930,457	$ 360,568
	Others	24,041	60,717
		$ 954,498	$ 421,285

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

b. Purchases

	For the Year Ended December 31	
Related Party Categories	2014	2013
Associates and joint ventures	$ 6,463,766	$ 7,044,763

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

c. Receivables from related parties

Account Items	Related Party Categories	December 31 2014	December 31 2013
Notes receivable, accounts receivable	Associates and joint ventures	$ 189,553	$ 199,600
	Others	-	15,483
		$ 189,553	$ 215,083

No expense was recognized for the years ended December 31, 2014 and 2013 for allowance for impaired accounts receivable with respect to the amounts owed by related parties.

d. Payables to related parties

Account Items	Related Party Categories	December 31 2014	December 31 2013
Notes payable, accounts payable	Associates and joint ventures	$ 1,755,525	$ 1,552,549

e. 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 2014	For the Year Ended December 31 2013
Short-term employee benefits	$ 301,716	$ 186,309
Post-employment benefits	2,018	1,804
	$ 303,734	$ 188,113

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

38. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31 2014	December 31 2013
Debt investmtnets with no active market	$ 21,542	$ 40,549
Investment properties	657,296	657,296
	$ 678,838	$ 697,845

39. SIGNIFICANT COMMITMENTS AND UNRECOGNIZED LIABILITIES

a. Outstanding letters of credit of the Group at the end of reporting period were as follows:

(Units: In Thousands of Foreign Currencies)

	December 31	
	2014	2013
USD	$ 3,571	$ 2,901
EUR	555	490
HKD	100	67,747
IDR	12,901,016	7,467,389

b. The Company invests in Nan Shan Life Insurance Co., Ltd. through Ruen Chen Investment Holding Co., Ltd. According to a request by the FSC, the Company provides shares of Yue Yuen in the custody during the period from June 27, 2011 to June 27, 2021. The Company will not disposal or do encumbrance to the shares of Wealthplus which is equal to the shares of Yue Yuen during the trust period.

c. 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 FSC for the Company to provide 490,000 thousand ordinary shares of Ruen Chen in the custody of the trust department of First Bank, and the trust period is ten years.

d. Yue Yuen’s factory in China, Gaobu Factory, took a big strike on April 14, 2014 to strive for adjustments of social insurance benefit and housing provident fund (collectively, the “Employee Benefit Payments”). Yue Yuen had reviewed its employee benefits policy in China following the Gaobu Factory incident. After such review, Yue Yuen’s board of directors also decided to raise contributions to the Employee Benefit Payments for employees of Yue Yuen’s other factories in China, in additions to the Gaobu Factory (the “Other Factories”). The main reasons for making the Employee Benefit Contributions are to assist Yue Yuen in staff retention and recruitment under the increasingly competitive labor market conditions in China so as to ensure Yue Yuen’s normal business operation and production in the Other Factories.

   Set out below is a summary of the provisions for contributions to and adjustments of Employee Benefit Payments for Gaobu Factory and the Other Factories:

   1) Provision for additional Employee Benefit Payments of Gaobu Factory and the Other Factories is estimated to be US$37,000 thousand and US$53,000 thousand, respectively. This provision had been reflected in the consolidated financial results for the year ended December 31, 2014. For the year ended December 31, 2014, the increased contribution for Employee Benefit Payments in the amount of US$47,330 thousand had been paid.

   2) Adjustment of Employee Benefit Payments and monthly living allowance of Gaobu Factory and the Other Factories is estimated to be US$31,000 thousand and US$46,000 thousand, respectively. This provision had been reflected in the consolidated financial results for the year ended December 31, 2014.

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

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

Unit: In Thousands of Foreign Currencies/ In Thousands of New Taiwan Dollars

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 101,265	31.650	$ 3,205,044
NTD	62,610	1	62,610
RMB	2,048,491	5.092	10,430,916
HKD	53,787	4.080	219,449
VND	556,619,580	0.00143	795,966
IDR	181,448,062	0.00258	468,136
Non-monetary items			
NTD	407,551	1	407,551
HKD	110,526	4.080	450,946
Financial liabilities			
Monetary items			
USD	109,551	31.650	3,467,293
NTD	1,061,495	1	1,061,495
RMB	248,957	5.092	1,267,689
HKD	50,850	4.080	207,466
VND	505,404,196	0.00143	722,728
IDR	114,786,434	0.00258	296,149

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)

41. 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 shoes and apparel;
2) Retailing of sporting goods and brand licensing business;
3) Others.

b. Segment revenues and results

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

For the year ended December 31, 2014

	Manufacturing of Shoes and Apparel	Retailing of Sporting Goods and Brand Licensing Business	Others	Total
Revenues from external customers	$ 183,292,602	$ 59,890,761	$ 792,935	$ 243,976,298
Segment income	$ 24,605,104	$ 3,016,543	$ 486,920	$ 28,108,567
Administrative cost, director's and supervisor's salaries				(20,187,946)
Rental income				321,575
Interest income				488,171
Dividend income				610,535
Other income				1,938,937
Net gain on disposal of property, plant and equipment				48,835
Net foreign exchange gain				209,293
Net loss on disposal of subsidiaries, associates and joint ventures				(134,840)

(Continued)

	Manufacturing of Shoes and Apparel	Retailing of Sporting Goods and Brand Licensing Business	Others	Total
Net loss on disposal of available-for-sale financial assets				$ (128,103)
Net gain on disposal of financial assets measured at cost				85,257
Net gain arising on financial assets designated as at FVTPL				82,534
Net loss arising on financial liabilities designated as at FVTPL				(693,232)
Reversal of impairment loss				176,284
Other loss				(130,459)
Finance costs				(1,075,314)
Share of the profit of associates and joint ventures				6,154,285
Profit before income tax				$ 15,874,379

(Concluded)

For the year ended December 31, 2013

	Manufacturing of Shoes and Apparel	Retailing of Sporting Goods 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 cost, director's and supervisor's salaries				(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 foreign exchange gain				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

(Continued)

	Manufacturing of Shoes and Apparel	Retailing of Sporting Goods and Brand Licensing Business	Others	Total
Net loss on disposal of financial assets measured at cost				$ (10,269)
Net gain arising on financial assets designated as at FVTPL				720,237
Net gain arising on financial liabilities designated as at FVTPL				84,984
Impairment loss				(876,641)
Other loss				(189,933)
Finance costs				(1,250,172)
Share of the profit of associates and joint ventures				4,977,369
Profit before income tax				$ 18,732,093

(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, director's and supervisor's salaries, rental income, interest income, dividend income, other income, net gain or loss on disposal of property, plant and equipment, net foreign exchange gain, net loss or gain on disposal of subsidiaries, associates and joint ventures, net loss or gain on disposal of available-for-sale financial assets, net gain or loss on disposal of financial assets measured at cost, loss or gain on financial instruments, reversal of impairment loss or impairment loss, other loss, finance costs and share of the profit of associates and joint ventures. 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	
	2014	2013
Asia	$ 111,473,442	$ 96,443,026
USA	81,498,836	79,924,529
Europe	45,399,850	44,570,384
Others	5,604,170	5,726,630
	$ 243,976,298	$ 226,664,569

d. Information about major customers

Revenues recognized from manufacturing of footwear and apparel in 2014 and 2013, amounted to $183,292,602 thousand and $174,263,841 thousand, respectively. Except as detailed in the following table, no other single customer contributed 10% or more to the Group's revenue for both 2014 and 2013.

	For the Year Ended December 31			
	2014		2013	
	Amount	% of Total	Amount	% of Total
Customers A	$ 51,453,012	21	$ 49,400,952	22
Customers B	37,887,834	16	35,187,462	16
	$ 89,340,846	37	$ 84,588,414	38