COLORSTARS GROUP

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2014 and 2013

COLORSTARS GROUP AND SUBSIDIARY AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of ColorStars Group:

We have audited the accompanying consolidated balance sheets of ColorStars Group and Subsidiary as of December 31, 2014 and 2013, and the related consolidated statements of operations and, comprehensive loss, consolidated statements of stockholders' equity, and consolidated statements of cash flows for each of the years in the two-year period ended December 31, 2014. ColorStars Group's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ColorStars Group as of December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

Michael F. Albanese, CPA
Parsippany, New Jersey
March 25, 2015

COLORSTARS GROUP AND SUBSIDIARY
AUDITED CONSOLIDATED BALANCE SHEETS
(IN US$)

Assets	December 31, 2014	2013
Current assets:		
Cash and equivalents	$75,397	$186,957
Accounts receivable, net of allowance for doubtful accounts of $53,327 and $59,307at December 31, 2014 and 2013.	164,722	126,025
Due from affiliate	284,981	0
Inventory	664,444	793,335
Prepaid expenses and other current assets	48,103	65,459
Total current assets	1,237,647	1,171,776
Equipment, net of accumulated depreciation	81,958	153,062
Investments	137,767	223,990
Intangible assets	-	139
Other assets	26,496	-
Total assets	$1,483,868	$1,548,967
Liabilities and stockholders' equity		
Current liabilities:		
Short term loan	$537,651	$402,212
Accounts payable	404,319	79,945
Due to affiliate	0	107,498
Accrued expenses	21,366	20,913
Receipts in advance and other current liabilities	17,038	8,853
Total current liabilities	980,374	619,421
Commitments and contingencies		
Stockholders' equity		
Common Stock –Par Value $0.001 67,448,890 shares issued and outstanding at December 31, 2014 and 2013	67,449	67,449
Additional paid in capital	3,112,230	3,112,230
Accumulated other comprehensive income	198,581	261,108
Accumulated deficit	(2,874,766)	(2,511,241)
Total stockholders' equity	503,494	929,546
Total liabilities and stockholders' equity	$1,483,868	$1,548,967

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

COLORSTARS GROUP AND SUBSIDIARY
AUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(IN US$)

	For the years ended December 31, 2014	2013
Net sales	$1,456,958	$1,699,611
Cost of goods sold	1,257,494	1,132,053
Gross profit	199,464	567,558
Operating expenses		
Selling, general and administrative	529,833	801,655
Research and development	11,165	81,391
Total operating expenses	540,998	883,046
Loss from operations	(341,534)	(315,488)
Other income (expenses)		
Interest expense (net)	(8,849)	(11,970)
Share of investee's operating results (net)	(54,606)	(173,570)
Gain (loss) on disposal of investment	-	52,159
Gain (loss) on foreign exchange, net	42,750	27,062
Other, net	2,770	8,202
Loss before income tax	(359,469)	(413,605)
Income tax (expense) benefit	(4,056)	(95,608)
Net loss	(363,525)	(509,213)
Earnings per share attributable to common stockholders:		
Basic and diluted per share	$0.00	$0.00
Weighted average shares outstanding: Basic and diluted	67,448,890	67,448,890
Comprehensive loss:		
Net loss	(363,525)	(509,213)
Other comprehensive loss:		
Foreign currency translation, net of taxes	(62,527)	(71,614)
Comprehensive loss	$(426,052)	$(580,827)

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

COLORSTARS GROUP AND SUBSIDIARY
AUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN US$)

	Shares	Value	Additional Paid in capital	Accumulated deficit	Accumulated other comprehensive income	Total Stockholder's equity
Balance, December 31, 2012	67,448,890	$ 67,449	$3,112,230	$(2,002,028)	$332,722	$1,510,373
Foreign currency translation	-	-	-	-	(71,614)	(71,614)
Net loss	-	-	-	(509,213)	-	(509,213)
Balance, December 31, 2013	67,448,890	$ 67,449	$3,112,230	$(2,511,241)	$261,108	$929,546
Foreign currency translation	-	-	-	-	(62,527)	(62,527)
Net loss	-	-	-	(363,525)	-	(363,525)
Balance, December 31, 2014	67,448,890	$ 67,449	$3,112,230	$(2,874,766)	$198,581	$503,494

The accompanying notes are an integral part of the financial statements

COLORSTARS GROUP AND SUBSIDIARY
AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN US$)

	For the years ended December 31,	
	2014	2013
Cash flows from operating activities		
Net loss	$(363,525)	$(509,213)
Depreciation and amortization	40,061	44,017
Provision for doubtful accounts	6,538	33,965
Share of investment loss (profit)	54,606	173,570
Gain on disposal of property	-	(52,159)
Loss on disposal of property	-	197
Deferred income tax	-	89,000
Changes in operating assets and liabilities:		
Accounts receivable	(330,216)	29,478
Inventories	128,891	9,513
Prepaid expenses and other current assets	(17,453)	58,645
Accounts payable	216,876	(118,412)
Accrued expenses	453	(6,665)
Receipts in advance and other current liabilities	8,185	(7,753)
Cash flows (used in) operating activities	(255,584)	(255,817)
Cash flows from investing activities		
Addition to fixed assets	-	(22,779)
Proceed on disposal of investment	-	105,840
Proceed on disposal of fixed assets	-	3,930
Cash flow provided from investing activities	-	86,991
Cash flows from financing activities		
Increase loan from bank	135,439	-
Cash flow provided from financing activities	135,439	-
Effect of exchange rate changes on cash and cash equivalents	8,585	(50,317)
Net (decrease) in cash and cash equivalents	(111,560)	(219,143)
Beginning cash and cash equivalents	186,957	406,100
Ending cash and cash equivalents	$75,397	$186,957

Supplemental disclosure of cash flow information
Cash paid during the period for:

Interest	$8,956
Income taxes	810

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

Note 1 – Nature of Business and Basis of Presentation

Nature of Business – Circletronics Inc., now ColorStars Group ("the Company"), was incorporated in Canada on January 21, 2005. Circletronics Inc., was redomiciled to Nevada and its name changed to ColorStars Group on November 3, 2005. ColorStars Group owns 100% of the shares of ColorStars Inc.

Color Stars Inc. ("Color Stars TW", "the Subsidiary") was incorporated as a limited liability company in Taiwan, Republic of China in April 2003 and commenced its operations in May 2003. The Subsidiary is mainly engaged in manufacturing, designing and selling light-emitting diode and lighting equipment.

Basis of Presentation - The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which contemplate continuation of the Company as a going concern.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company evaluates these estimates on a regular basis and bases them on historical experience and on various assumptions that the Company believes are reasonable. Actual results could differ from the estimates.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, cash on deposits and all short-term highly liquid investments purchased with remaining maturities of three months or less. The Company currently maintains substantially all of its day-to-day operating cash balances with major financial institutions.

Restricted cash – There are no restricted cash balances related to bank loans.

Plant and Equipment and Depreciation – Equipment is recorded at cost. Provision for depreciation is computed using the straight-line method on all depreciable assets over the estimated useful lives of the related assets (five years for machinery equipment, three and half years for transportation equipment and three years for computer and office equipment and other equipment). Upon sale or retirement of assets, the cost and related accumulated depreciation or amortization is eliminated from the respective amounts and any resulting gains or losses are reflected in operations. Expenditures for repairs and maintenance costs are expensed as incurred.

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable are recorded at net realizable value. The Company provides for the possibility of customers' inability to make required payments by recording an allowance for doubtful accounts. The Company writes-off an account when it is considered to be uncollectible. The Company evaluates the collectability of its accounts receivable on an on-going basis. The Company records an allowance for doubtful accounts based on the length of time the receivables are past due, the current business environment and the Company's historical experience. As of December 31, 2014 and 2013, the allowance for doubtful accounts was $53,327 and $59,307 respectively.

Inventory – Inventory is stated at the lower of cost or market (weighted average method). Any write-down of inventory to the lower of cost or market at the close of a fiscal period creates a new cost basis that subsequently would not be marked up based on changes in underlying facts and circumstances. Inventories on hand are evaluated on an on-going basis to determine if any items are obsolete or in excess of future needs. Items determined to be obsolete are reserved for. The Company provides for the possible inability to sell its inventories by providing an excess inventory reserve. As of December 31, 2014 and 2013, the allowance for obsolete inventory was $184,592 and $112,000 respectively.

Intangible Assets - Intangible assets with finite lives are amortized over their respective estimated useful lives. The amount of intangible assets to be amortized shall be the amount initially assigned to that asset less any residual value. Identifiable intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used to evaluate long-lived described below.

Investments – Investments consist of marketable equity securities stated at fair value and are designated as either trading securities or available-for-sale securities at the time of purchase based upon the intended holding period. Changes in fair value of the trading securities are recognized currently in general and administrative expenses in the consolidated statements of operations. Changes in the fair value of available-for-sale securities are recognized in accumulated other comprehensive income on the consolidated balance sheets, unless the Company determines an unrealized loss is other-than-temporary. If the Company determines an unrealized loss is other-than-temporary, the Company recognizes the loss in earnings. Cost basis is determined using average cost. If the Company has significant influence over the investee, the investment is accounted for under the equity method of accounting.

At December 31, 2014 and 2013, the Company had investments stated at cost, and investments accounted for under the equity method of accounting.

Impairment of long-lived assets - The Company reviews the recoverability of its long-lived assets, such as property and equipment and intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows, undiscounted and without interest charges, of the related operations. If these cash flows are less than the carrying value of such assets, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets.

Note 2 – Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments - The Company values financial assets and liabilities using fair value measurements. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amount of cash and cash equivalents, accounts receivable, other current assets, accounts payable, accrued liabilities, and other current liabilities in the Consolidated Financial Statements approximates fair value because of the short-term nature of the instruments.

The Company adopted the provisions of SFAS 157, which require us to determine the fair value of financial assets and liabilities using a specified fair-value hierarchy. The objective of the fair-value measurement of our financial instruments is to reflect the hypothetical amounts at which we could sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

Revenue Recognition - Revenue is recognized in connection with sales of products when all of the following conditions are met: (1) there exists persuasive evidence of an arrangement with the customer, typically consisting of a purchase order or contract; (2) products have been delivered and title and risk of loss has passed to the customer, which occurs when a product is shipped under customary terms; (3) the amount of revenue is fixed or determinable; and (4) collectability is reasonably assured.

Income taxes - The asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements using enacted tax rates and laws that will be in effect when the difference is expected to reverse. Valuation allowances are provided against deferred tax assets that are not likely to be realized.

Foreign Currency - The financial statements of the company's foreign operations are translated into U.S. dollars for financial reporting purposes. The assets and liabilities of foreign operations whose functional currencies are not in U.S. dollars are translated at the period-end exchange rates, and equity accounts at historical exchange rates, while revenues and expenses are translated at weighted-average exchange rates during the fiscal year. The cumulative translation effects are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity in the consolidated balance sheets.

Comprehensive income - Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The primary components of comprehensive income for the Company include net income and foreign currency translation adjustments arising from the consolidation of the Company's foreign subsidiary.

Net income per common share - Net income per common share-basic is computed by dividing the net income attributable to the Company for the period by the basic weighted-average number of outstanding common shares.

The calculation of net income per common share attributable to the Company is presented in Note 4.

Note 2 – Summary of Significant Accounting Policies (continued)

Shipping and Handling Costs - Shipping and handling costs incurred by the Company for the delivery of products to customers are included in selling, general and administrative expenses.

Advertising Costs - Advertising costs are expensed when incurred and are included in selling, general, and administrative expenses.

Research and development costs — Research and development costs are expensed as incurred.

Note 3 - Recently Issued Accounting Pronouncements

Income tax - In July 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (“ASU”) No. 2013-11 “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.” ASU No. 2013-11 is a new accounting standard on the financial statement presentation of unrecognized tax benefits. The new standard provides that a liability related to an unrecognized tax benefit would be presented as a reduction of a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. The new standard becomes effective for the Company on January 1, 2015 and it should be applied prospectively to unrecognized tax benefits that exist at the effective date with retrospective application permitted. The Company is currently assessing the impacts of this new standard.

Note 4 – Concentration of Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of accounts receivable, cash and cash equivalents. The Company’s cash and cash equivalents are maintained with high quality institutions, the compositions and maturities of which are regularly monitored by management. Through December 31, 2014, the Company had not experienced any losses on such deposits.

Accounts receivable include amounts due from customers primarily in the manufactory industry. The Company performs ongoing credit evaluations of its customers’ financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. The Company also maintains allowances for potential credit losses. In estimating the required allowances, the Company takes into consideration the overall quality and aging of the receivable portfolio, the existence of a limited amount of credit insurance and specifically identified customer risks. Through December 31, 2014, such losses have been within management’s expectations.

In fiscal year 2014, products sold to the Company’s largest customer, accounted for approximately 33.58% of the total revenue for fiscal year 2014 (2013 - 33.6%). Products purchased from the Company’s largest suppliers, accounted for approximately 39.06% of the total purchases for fiscal year 2014 (2013 – 60.55%).

Note 5 – Earnings per share

Basic net income (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of shares of common stock outstanding during the period.

The following table sets forth the computation of basic and diluted net income (loss) per share for the periods indicated:

	2014	2013
Net (loss) income attributable to common stockholders	$(363,525)	$(509,213)
Weighted average common stock outstanding - Basic and diluted	67,448,890	67,448,890
Earnings per share attributable to common stockholder Basic and diluted	$.00	$.00

Note 6 - Accumulated Other Comprehensive loss

The following table includes the changes in accumulated other comprehensive (loss) by component under the ASC on "Comprehensive Income" for the year ended December 31, 2014:

	Foreign currency translation
Balance, December 31, 2013	$261,108
Foreign currency translation	(62,527)
Balance, December 31, 2014	$198,581

Note 7 – Long term investment

	2014	2013
Cost-method investment – Anteya Technology Corp		
Carrying value of investment at the beginning	$223,990	$425,345
Interest in Anteya's net income	(54,606)	(173,570)
Impairment for the year	-	-
Exchange difference	(31,617)	(27,785)
Carrying value at the end	137,767	223,990
Cost-method investments – Phocos AG		
At cost	53,681	53,681
Impairment for the year	-	-
Disposed during the year	(53,681)	(53,681)
Carrying value at the end	-	-
	$137,767	$223,990

The Company adopted the provisions of SFAS 157, which require us to determine the fair value of financial assets and liabilities using a specified fair-value hierarchy. The objective of the fair-value measurement of our financial instruments is to reflect the hypothetical amounts at which we could sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date (exit price). SFAS 157 describes three levels of inputs that may be used to measure fair value, as follows:

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the underlying asset or liability.

Anteya Technology Corp (Anteya) is a private company incorporated in Taiwan, no level 1 and 2 input is available for measure the fair value of the investment.

Anteya Technology issued an additional of 1,000,000 shares to 7,500,000 shares on April 11, 2014. The Company decided not to subscribe any of these newly issued shares. As a result, the equity interest decreased to 17.33% from 20%, and change the method to cost from equity after the issuance of 1,000,000 new shares.

Note 7 – Long term investment (continued)

Fin-Core (FCC) is a private company incorporated in Taiwan. The number of shares of Fin-Core held by the Company is 57,143 share, 5.19% at December 31, 2014 and December 31, 2013. The Company recorded the investment in Fin-Core at coat, less accumulated impairments.

Phocos AG is a private company incorporated in Germany. On May 27, 2013, the Company sold all of its shares to third party. The total proceeds were EUR84,000 or USD105,840. The sale of the investment resulted in a USD52,159 gain.

The unaudited financial information of Anteya Technology Corp. for the year ended December 31, 2014 and 2013 (in US dollars) are as follows:

Balance sheet	2014	2013
Current assets	$ 3,801,725	$3,655,318
Non-current assets	829,550	799,974
Total assets	4,631,276	4,455,292
Current liabilities	2,353,483	2,891,306
Non-current liabilities	1,344,053	358,049
Stockholders' equity	933,740	1,205,937
Total stockholders' equity and liabilities	$ 4,631,276	$4,455,292

Statement of operations	2014	2013
Net sale	$ 2,640,570	$2,916,794
Cost of goods sold	(2,265,852)	(2,519,478)
Gross profit	374,718	397,316
Operating and non-operating expenses	(1,030,153)	(1,203,821)
Net (loss)	$ (655,435)	$ (806,505)

Note 8 – Inventory

Inventories stated at the lower of cost or market value are as follows:

	2014	2013
Gross inventories	$897,538	$954,208
Less reserve for obsolescence	(233,094)	(160,873)
Net Inventories	$664,444	$793,335

	2014	2013
Intangible assets:		
Amortizable intangible assets	$39,095	$41,433
Accumulated amortization	(39,095)	(41,294)
Total	$ -	$139

Identifiable intangible assets, which are subject to amortization, consist primarily of patents and trademark. These intangible assets are amortized over the assets' estimated useful lives which range from three to five years.

Note 10 – Equipment

Equipment and the related accumulated depreciation consisted of the following at December 31:

	2014	2013
Plant and equipment:		
Machinery equipment	$162,851	$172,589
Transportation equipment	21,386	22,664
Office equipment	87,192	141,898
Other	223	236
Total cost	271,652	337,387
Accumulated depreciation:		
Machinery equipment	103,837	86,365
Transportation equipment	4,158	630
Office equipment	81,476	97,094
Other	223	236
Total accumulated depreciation	189,694	184,325
Plant and equipment – net	$81,958	$153,062

Depreciation was $31,611 and $42,913 for the years ended December 31, 2014 and 2013 respectively.

Note 11 – Income taxes

The Company is subject to U.S. federal income tax as well as income tax in states and foreign jurisdictions. For the major taxing jurisdictions, the tax years 2006 through 2014 remain open for state and federal examination. The Company believes assessments, if any, would be immaterial to its consolidated financial statements. With respect to the foreign jurisdiction, the Company is no longer subject to income tax audits for the year 2012 (inclusive).

The income tax provision information is provided as follows:

	2014	2013
Component of income (loss) before income taxes:		
United States	$(100,349)	$(197,231)
Foreign	(259,120)	(216,374)
Income (loss) before income taxes	(359,469)	(413,605)
Provision for income taxes		
U.S. federal	-	-
State and local	(800)	(907)
Foreign	(3,256)	(5,701)
Income tax (benefit) provision	(4,056)	(6,608)
Deferred-valuation allowance for deferred tax assets	-	(89,000)
	(4,056)	(95,608)

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before income taxes. The sources and tax effects of the differences, for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Federal income taxes at applicable statutory rates	$(125,069)	$(144,761)
Adjustment resulting from the tax effect of:		
State income tax	(800)	(907)
Foreign tax rate differential	46,258	21,637
Loss with no tax benefit provided	58,621	77,431
Non-deductible expenses and other	16,934	39,992
	$(4,056)	$(6,608)

As of December 31, 2014, there was gross U.S. federal net operating loss carry forwards of approximately $930,000, which may be available to offset future federal income tax liabilities. All of the gross federal net operating losses are limited by certain provisions of the U.S. tax code which restricts their utilization in the future.

The federal net operating losses expire at various dates through 2027 to 2034.

Note 12 – Accrued expenses

	2014	2013
Salaries and allowance	$10,424	$4,931
Insurance	4,841	11,959
Tax payable	6,101	-
Others	-	4,023
	$21,366	$20,913

Note 13 - Bank short term debt

	2014	2013
Bank loan payable to Taiwan banks	$537,651	$402,212

The Company signed revolving credit agreements with a lending institution. The interest rate on short-term borrowings outstanding as of December 2014 and 2013 is 1.94% per annum. The short term debt is secured by:

1. personal guarantee from a director
1. the realty property of spouse of a director

Note 14- Geographic Information

Product revenues for the years ended December 31, 2014 and 2013 are as follows

	2014	2013
Customers based in:		
Europe	$445,879	$825,137
Asia	584,441	336,892
United States	419,862	430,021
Others	6,776	107,561
	$1,456,958	$1,699,611

Note 15 – Related Party Transactions

The Company has recorded expenses for the following related party transactions for the year ended December 31, 2014 and 2013:

	2014	2013
Purchase from Anteya Technology Corp	$263,977	$685,407
Rent paid to Mr. Wei-Rur Chen	47,504	48,510
Sale to Anteya Technology Corp	489,271	-

As of the balance sheet date indicated, the Company had the following assets and liabilities recorded with respect to related party transactions:

	2014	2013
Anteya Technology Corp		
Due from affiliate	$284,981	$-
Due to affiliate	-	107,498

The Company leases office space from Mr. Wei-Rur Chen which the term for the agreement is from November 2010 to November 2015.

The Company conducted business with a related party company Anteya Technology Corp. The Company owns 17.33% of the outstanding common stock of Anteya Technology Corp as of December 31, 2014. All transactions were at market-based prices.

Note 16 – Commitments

	2014	2013
Rent expenses	$99,527	$113,158

The company leases offices in Taiwan and in California, US under operating leases. Minimum future rental payments due under non-cancelable operating leases with remaining terms at December 31, 2014 are as follows:

2015	55,578
	$55,578

Note 17– Subsequent Events

The Company entered into one written, short-term loan agreements with Bank SinoPac of Taiwan for amount of NTD $17,000,000, approximately USD $544,000 at annual interest rate of 1.94% in February 2015.

The Company evaluated all events subsequent to December 31, 2014 through the date of the issuance of the financial statements and concluded that there are no significant or material transactions to be reported, other than the bank loan stated above.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

At this time, we do not have any changes in and disagreements with accountants and financial disclosure to report.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

We maintain disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) that are designed to assure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. As required by Exchange Act Rule 13a-15(b), as of the end of the period covered by this report, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of that date.

(b) Management's annual report on internal control over financial reporting.

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed under the supervision of the Company's chief executive and chief financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with the U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only a management's report in its annual report.

(c) Changes in internal control over financial reporting.

There was no change in our internal control over financial reporting during the last fiscal quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The following persons are our executive officers and directors. Directors are elected to hold offices until the next annual meeting of shareholders and until their successors are elected or appointed and qualified. Officers are appointed by the board of directors until a successor is elected and qualified or until resignation, removal or death.

NAME	AGE	OFFICES HELD
Wei Rur Chen	54	Chairman of the Board, Chief Executive Officer, Chief Financial Officer, President and Director
Hsiu-Fu Liu	60	Director
Mei-Ying Chiu	62	Secretary and Director

WEI RUR CHEN, age 54, has served as our Chief Executive Officer and President since 2003. Prior to joining us, Mr. Chen was Executive Vice President of Primo Lite Co., Ltd. from 2002 to 2003, Executive Vice President of Tinya Engineering Co., Ltd. from 2000 to 2002, Vice President of Hi-Doer Power Co., Ltd. from 1997 to 2000, Manager of Sales and Marketing of Westinghouse Elec. from 1991 to 1997 and Manufacturing Engineer of Westinghouse Elec. from 1984 to 1989. Mr. Chen earned a Master of Science, Industrial Engineering from Clemson University SC, USA in 1990 and resides in Taipei, Taiwan.

HSIU-FU LIU, age 60 has been serving on our board since December 2008. Mr. Liu currently serves as the chairman of Hsuhta Industrial Group, a company that owns and operates many precision plastic moulding and injection companies in Taiwan and China. Mr. Liu graduated from Hsinchu Technical high school in 1973.

MEI-YING (EASTER) CHIU, age 62, has served as our Secretary since 2004. Prior to joining us, Ms. Chiu was Vice President of Sales and Marketing for 5E Chemical Co., Ltd. from 2003 to 2004, Manager of Marketing for Tingya Engineering from 2001 to 2003, Project Manager for Stone & Webster Taiwan from 1999 to 2001 and Project Manager for Gibsin Engineering Co., Ltd. from 1980 to1997. Ms. Chiu earned a Bachelor of Arts, Business Administration from Mingchuan University, Taiwan in 2001 and a Master's degree of Executive Management of Business and Administration from Hong Kong Chinese University.

The business address for each of our officers and directors is 10F, No. 566 JungJeng Rd., Sindian City, Taipei County 231, Taiwan, R.O.C.

Our bylaws authorize no less than one (1) and no more than seven (7) directors. We currently have three (3) Directors.

Family Relationships.

Mrs. Tsui-Ling Lee, an owner of 11.86% of our common stock, is the spouse of our Chairman of the Board and CEO, Mr. Wei-Rur Chen.

Involvement in Certain Legal Proceedings.

There have been no events under any bankruptcy act, criminal proceedings, judgments, injunctions, orders or decrees material to the evaluation of the ability and integrity of any director, executive officer, promoter or control person of our Company during the past five years.

Significant Employees.

None.

ITEM 11. EXECUTIVE COMPENSATION

Board of Directors

All of our directors hold office until the next annual meeting of stockholders and the election and qualification of their successors. Our executive officers are elected annually by the board of directors to hold office until the first meeting of the board following the next annual meeting of stockholders and until their successors are chosen and qualified.

Directors' Compensation

We reimburse our directors for expenses incurred in connection with attending board meetings but we do not pay our directors fees or other cash compensation for services rendered as a director

Our executive officers are currently earning compensation. Set forth below is the aggregate compensation for services rendered in all capacities to us during our fiscal years ended December 31, 2012, 2013 and 2014 by our executive officers. Except as indicated below, none of our executive officers were compensated in excess of $100,000.

On March 1, 2007, we entered into an employment agreement with our CEO, Mr. Wei-Rur Chen (the "Original Employment Agreement"). The Original Employment Agreement was for a term of five years from the effective date, March 1, 2007. Under the Original Employment Agreement, Mr. Chen agreed to serve as our Chairman, President, and CEO. Mr. Chen was granted such authority and responsibility as may reasonably be assigned to him by our board of directors. Pursuant to the Original Employment Agreement, Mr. Chen was eligible to receive a salary no higher than $120,000 per annum, and Mr. Chen was entitled to participate in any and all deferred compensation, 401(k) or other retirement plans, medical insurance, dental insurance, group health, disability insurance, pension and other benefit plans that are made generally available by us to our executives who have similar responsibilities and perform similar functions as Mr. Chen.

As the term of the Original Employment Agreement expired, on March 1, 2012, we entered into a new employment agreement (the "Employment Agreement") with Mr. Chen.

The Employment Agreement has a term of five years from the effective date, March 1, 2012, subject to the termination provisions contained therein. Under the Employment Agreement, Mr. Chen shall have such authority and responsibility as may be assigned to him by the Company's board of directors. Furthermore, under the Employment Agreement, Mr. Chen is subject to certain non-competition, non-solicitation and confidentiality covenants, the terms and conditions of which are described in further detail therein.

Pursuant to the Employment Agreement, Mr. Chen shall receive the following compensation in exchange for his services:

(i) an annual base salary in the amount of NT $715,000 (US $20,500)

(i) no compensation was taken for bonus, vehicle allowance or stock options in 2014

In addition, in the event of an Acquisition (as such term is defined in the Employment Agreement) before February 28, 2017, Mr. Chen shall be paid an additional bonus of One Hundred Thousand and No/100 Dollars (US $100,000) and shall be awarded 50% below market valued stock options. The stock options shall have an exercise period of two (2) years from the date of the award.

Mr. Chen shall also be entitled to participate in any and all deferred compensation, 401(k) or other retirement plans, medical insurance, dental insurance, group health, disability insurance, pension and other benefit plans that are made generally available by the Company to such executives who have similar responsibilities and perform similar functions as Mr. Chen

We have no pension, health, annuity, bonus, insurance, stock options, profit sharing or similar benefit plans. No stock options or stock appreciation rights were granted to any of our directors or executive officers. We have no equity incentive plans.

SUMMARY COMPENSATION TABLE

Name and Principal Position (a)	*Year (b)*	*Salary ($)(c)*	*Bonus ($) (d)*	*Stock Awards ($)(e)*	*Option Awards ($) (f)*	*Non-Equity Incentive Plan Compensation($) (g)*	*Nonqualified Deferred Compensation Earnings ($) (h)*	*All Other Compensation ($) (i)*	*T*
Wei-Rur Chen-- CEO, President and CFO	**2014**	***$23,000***	--	--	--	--	--	--	$
	2013	***$20,500***	--	--	--	--	--	--	$
	2012	***$24,000***	--	--	--	--	--	--	$
Mei-Ying (Easter) Chiu-- Secretary and Director	**2014**	***$35,645***	--	--	--	--	--	--	$
	2013	***$36,833***	--	--	--	--	--	--	$
	2012	***$40,000***	--	--	--	--	--	--	$

Options/SAR Grants In the Last Fiscal Year

None.

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year End Option/SAR Values

None.

Compensation Committee

At this time, we do not have a compensation committee. The salaries of our executive officers are determined by our board of directors. Our board of directors determines the compensation of our executive officers based on our financial and operating performance and success. As we continue to grow, we may form a compensation committee charged with the oversight of our executive compensation plans, policies and programs, and the authority to determine and approve the compensation of our executive officers and make recommendations with respect to the same.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information known to us with respect to the beneficial ownership of our common stock as of December 31, 2014 by:

- all persons who are beneficial owners of five percent (5%) or more of our common stock;

- each of our directors;
- each of our executive officers; and
- all current directors and executive officers as a group.

Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table below have sole voting and investment power with respect to all shares of common stock held by them.

Applicable percentage ownership in the following table is based on 67,448,890 shares of common stock outstanding as of December 31, 2014.

Title of Class	Name and Address of Owner	Title	Amount of Beneficial Ownership	Percentage of Common Stock Owned
Common Stock	Wei-Rur Chen 7, Mayhua 1 st Road Sindian District, New Taipei City 231, Taiwan, R.O.C.	President, Chief Executive Officer, Chief Financial Officer, and Chairman of the Board	10,800,000	16.01%
Common Stock	Hsui-Fu Liu No. 232, Zhongzheng Rd., Shulin City, Taipei County 238, Taiwan, R.O.C.	Director	4,000,000	5.93%
Common Stock	Mei-Ying Chiu 9F, No. 568, Jung Jeng Rd. Sindian District, New Taipei City 231, Taiwan, R.O.C.	Secretary and Director	2,500,000	3.71%
Common Stock	Tsui-Ling Lee 7, Mayhua 1 st Road Sindian District, New Taipei City 231,Taiwan, R.O.C.	Shareholder	8,000,000	11.86%
Common Stock	Reuya International LTD (Wei-Rur Chen) 10F, No. 566 Jung Jeng Rd. Sindian District, New Taipei City 231, Taiwan, R.O.C.	Shareholder	11,620,000	17.23%
Common Stock	All executive officers and directors as a group	Executive officers and directors as a group	17,300,000	25.65%

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The Company leases office space from Mr. Wei-Rur Chen. Mr. Wei-Rur Chen is the President, Chief Executive Officer, Chief Financial Officer, and Chairman of the Board of the Company, as well as beneficial owner of more than five percent (5%) of the Company's common stock. The term for the lease agreement is from November 2010 to November 2015. During 2014, the Company paid USD $47,504 in rent pursuant to this lease agreement. Mr. Wei-Rur Chen owns one hundred percent (100%) interest in the lease agreement.

The Company also conducted business with a related party company Anteya Technology Corp. The Company owns 17.33% of the outstanding common stock of Anteya Technology Corp as of December 31, 2014. All transactions were at market-based prices. For the year ended December 31, 2014, the Company has purchased from Anteya for a total of USD$263,976 and has sold to Anteya for a total of USD$489,270 of goods and services.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees billed to us by Michael F. Albanese, CPA, the Company's independent registered public accountant, for fiscal years ended December 31, 2014 and 2013:

	2014	2013
Audit Fees (1)	$ 34,649	$ 37,250
Audit Related Fees (2)	0	0
Tax Fees (3)	0	0
All Other Fees (4)	0	0
Total Fees paid to auditor	$ 34,649	$ 37,250

(1) Audit fees consist of fees billed for professional services rendered for the audit of the Company's annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services in connection with statutory and regulatory filings or engagements.

(2) Audit-Related fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements and are not reported under "Audit Fees".

(3) Tax fees consist of fees billed for professional services rendered for tax compliance, tax advice and tax planning (domestic and international). These services include assistance regarding federal, state and international tax compliance, acquisitions and international tax planning.

(4) There were no fees that were classified as All Other Fees as of the fiscal years ended December 31, 2014 and 2013.

As the Company does not have a formal audit committee, the services described above were not approved by the audit committee under the de minimus exception provided by Rule 2-01(c)(7)(i)(C) under Regulation S-X. Further, as the Company does not have a formal audit committee, the Company does not have audit committee pre-approval policies and procedures.