Acter Co., Ltd. and Subsidiaries
Consolidated Financial Statements

December 31, 2014 and 2013
(With Independent Auditor's Review Thereon)

Representation Letter

The entities that are required to be included in the combined financial statements of Acter Co., Ltd. as of and for the year ended December 31, 2014, under the Criteria Governing the Presentation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 27 endorsed by the Financial Supervisory Commissions R.O.C. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acter Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Acter Co., Ltd.

MR. Liang, Chairman

February 26, 2015

Independent Auditors' Report

The Board of Directors
Acter Co., Ltd.:

We have audited the accompanying consolidated statements of financial position of Acter Co., Ltd. (the "Company") and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended 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.

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 consolidated financial statements referred in the first paragraph present fairly, in all material respects, the consolidated financial position of Acter Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations as well as SIC Interpretations endorsed by the Financial Supervisory Commission of the Republic of China with its effective dates.

We have audited the parent – company – only financial statements as of and for the years ended December 31, 2014 and 2013 on which we have expressed an unqualified opinion.

Hsinchu, Taiwan (the Republic of china)
February 26, 2015

Note to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations, and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.
The auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Acter Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2014, and 2013
(In Thousands of New Taiwan Dollars)

		December 31,2014		December 31,2013	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets:				
1100	Cash and cash equivalents (Note 6 (1)and (17))	$ 1,141,445	17	1,456,226	21
1125	Available-for-sale financial assets－current (Note 6 (2)and (17))	233,202	3	249,004	4
1150	Notes receivable, net (Note 6 (3) and (17))	165,462	2	174,891	2
1170	Accounts receivable, net (Note 6 (3) and (17))	1,682,364	24	1,932,376	28
1180	Receivables from related parties (Note 6 (17)and 7 (3))	-	-	5,937	-
1190	Construction contracts receivable (Note 6 (4) and 7 (3))	1,387,905	20	1,390,413	20
1200	Other receivables (Note 6 (3)and (17))	43,703	1	35,634	1
1210	Other receivables from related parties (Note 6 (17)and 7 (3))	-	-	10,894	-
1220	Current income tax assets (Note 6 (5))	21	-	-	-
1310	Inventories, net (Note 6 (5))	1,075,392	16	828,732	12
1476	Other financial assets－current (Note 8)	259,544	4	157,959	2
1479	Other current assets (Note 7 (3))	263,847	4	235,887	2
		6,252,885	91	6,477,953	92
	Non-current assets:				
1523	Available-for-sale financial assets－noncurrent (Note 6 (2))	25,909	-	40,991	1
1550	Investment accounted for using equity method (Note 6 (6))	1,407	-	6,497	-
1600	Property, plant and equipment (Note 6 (8))	340,595	5	334,438	4
1760	Investment property, net (Note 6 (9))	30,868	-	31,205	-
1840	Deferred tax assets (Note 6 (15))	105,346	2	37,459	1
1985	Long-term prepaid rents	41,414	1	40,988	1
1990	Other non-current assets (Note 6 (2))	87,476	1	35,751	1
		633,015	9	527,329	8
	Total Assets	$ 6,885,900	100	7,005,282	100

		December 31,2014		December 31,2013	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term loans (Note 6 (11) and(17))	$ 78,235	1	287,832	4
2150	Notes payable (Note 6 (17))	285,161	4	155,881	2
2170	Accounts payable (Note 6 (17))	2,081,856	30	2,021,105	29
2180	Payables to related parties (Note 6 (17) and 7 (3))	218	-	6,182	-
2190	Construction contracts payable (Note 6 (4) and 7 (3))	503,955	8	335,081	5
2201	Accrued salaries and bonuses	149,017	2	139,293	2
2230	Income tax payable	29,898	-	93,758	1
2250	Provisions－current (Note 6 (10))	195,917	3	200,651	3
2311	Advance sales receipts	613,712	9	537,749	8
2399	Other current liabilities and accrued expenses	86,991	1	115,221	1
		4,024,960	58	3,892,753	55
	Non-current liabilities:				
2570	Deferred tax liabilities (Note 6 (15))	157,568	2	181,044	3
2640	Accrued pension liabilities (Note 6 (12))	34,742	1	32,648	-
2645	Guarantee deposit received	252	-	252	-
		192,562	3	213,944	3
	Total Liabilities	4,217,522	61	4,106,697	58
	Equity Attributable to owners of parent company (Note 6 (13))				
3100	Common stock	461,359	7	461,359	7
3200	Capital surplus	936,951	13	896,599	13
3300	Retained earnings	1,129,996	17	1,499,592	22
3400	Other equity interest	55,867	1	41,035	-
	Total equity attributable to owners of parent company	2,584,173	38	2,898,585	42
36XX	Non-controlling interests (Note 6 (7))	84,205	1	-	-
	Total Equity	2,668,378	39	2,898,585	42
	Total Liabilities And Equity	$ 6,885,900	100	7,005,282	100

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2014, and 2013
(In Thousands of New Taiwan Dollars)

		2014		2013	
		Amount	**%**	**Amount**	**%**
	Operating revenues:				
4521	Construction revenue (Note 6 (4) and 7)	$ 6,464,876	85	7,321,479	85
4529	Less: allowances	(5,594)	-	(6,776)	-
		6,459,282	85	7,314,703	85
4110	Sales	1,087,273	14	1,293,637	15
4800	Other operating revenue	34,997	1	47,732	-
		7,581,552	100	8,656,072	100
	Operating cost:				
5520	Construction cost (Note 6 (4), 7 and 12)	6,048,954	80	6,517,139	75
5110	Cost of goods sold (Note 6 (5))	902,706	12	1,088,476	13
5800	Other operating cost	7,597	-	11,492	-
		6,959,257	92	7,617,107	88
	Gross profit	622,295	8	1,038,965	12
	Operating expenses:				
6100	Selling	120,931	2	111,100	1
6200	General and administrative (Note 6 (3) and 12)	397,932	5	319,861	4
6300	Research and development	49,551	-	43,683	1
		568,414	7	474,644	6
	Operating income	53,881	1	564,321	6
	Non-operating income and expenses:				
7050	Finance costs	(3,500)	-	(5,955)	-
7010	Other income (Note 6 (14))	26,345	-	26,012	-
7070	Share of gain (loss) of associates accounted for using equity method (Note 6 (6))	(218)	-	4,203	-
7020	Other gains and losses, net (Note 6 (14))	8,795	-	31,750	1
		31,422	-	56,010	1
7900	**Profit before tax**	85,303	1	620,331	7
7950	**Income tax expense (benefit)** (Note 6 (15))	(3,731)	-	153,940	2
8200	**Profit for the year**	**89,034**	**1**	**466,391**	**5**
8300	**Other comprehensive income, net of tax:**				
8310	Foreign currency translation differences－foreign operations	29,352	-	66,054	1
8325	Net change in fair value of available-for-sale financial assets	(16,079)	-	8,837	-
8360	Actuarial gain (loss) from defined benefit plans	(1,299)	-	759	-
8370	Share of other comprehensive income of subsidiaries and associates	(1,769)	-	(1,729)	-
8399	Less: Income tax relating to components of other comprehensive income	(6,331)	-	(11,229)	-
8300	Other comprehensive income, net	**3,874**	**-**	**62,692**	**1**
8500	**Total comprehensive income**	**$ 92,908**	**1**	**529,083**	**6**
	Profit attributable to:				
8610	Owners of parent	$ 94,830	1	466,391	5
8620	Non-controlling interests	(5,796)	-	-	-
		89,034	**1**	**466,391**	**5**
	Comprehensive income attributable to:				
8710	Owners of parent company	$ 106,594	1	529,083	6
8720	Non-controlling interests	(13,686)	-	-	-
		92,908	**1**	**529,083**	**6**
	Earnings per share (attributable to owner of parent company) (Note 6 (16))				
9750	**Basic earnings per share(In New Taiwan Dollars)**	**$**	**2.06**		**10.11**
9850	**Diluted earnings per share(In New Taiwan Dollars)**	**$**	**2.05**		**10.04**

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years ended December 31, 2014 and 2013

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent										
			Retained earnings				Other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation adjustments	Unrealized gains(losses) on available-for-sale financial assets	Total	Non-controlling interests	Total equity
Balance, January 1, 2013	**$ 461,359**	**896,599**	**216,384**	**39,790**	**1,239,355**	**1,495,529**	**(27,235)**	**4,608**	**(22,627)**	**-**	**2,830,860**
Appropriation and distribution of retained earnings for the year ended 2013:											
Legal reserve	-	-	70,953	-	(70,953)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(461,358)	(461,358)	-	-	-	-	(461,358)
Reversal of special reserve	-	-	-	(2,905)	2,905	-	-	-	-	-	-
	461,359	896,599	287,337	36,885	709,949	1,034,171	(27,235)	4,608	(22,627)	-	2,369,502
Comprehensive income for the year ended 2013											
Profit	-	-	-	-	466,391	466,391	-	-	-	-	466,391
Changes in comprehensive income	-	-	-	-	(970)	(970)	54,825	8,837	63,662	-	62,692
Total comprehensive income	-	-	-	-	465,421	465,421	54,825	8,837	63,662	-	529,083
Balance, December 31, 2013	**$ 461,359**	**896,599**	**287,337**	**36,885**	**1,175,370**	**1,499,592**	**27,590**	**13,445**	**41,035**	**-**	**2,898,585**
Appropriation and distribution of retained earnings for the year ended 2014:											
Legal reserve	-	-	46,639	-	(46,639)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(461,358)	(461,358)	-	-	-	-	(461,358)
Changes in ownership interest in subsidiaries	-	40,352	-	-	-	-	-	-	-	-	40,352
	461,359	936,951	333,976	36,885	667,373	1,038,234	27,590	13,445	41,035	-	2,477,579
Comprehensive income for the year ended 2014											
Profit	-	-	-	-	94,830	94,830	-	-	-	(5,796)	89,034
Changes in comprehensive income	-	-	-	-	(3,068)	(3,068)	30,911	(16,079)	14,832	(7,890)	3,874
Total comprehensive income	-	-	-	-	91,762	91,762	30,911	(16,079)	14,832	(13,686)	92,908
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	97,891	97,891
Balance, December 31, 2014	**$ 461,359**	**936,951**	**333,976**	**36,885**	**759,135**	**1,129,996**	**58,501**	**(2,634)**	**55,867**	**84,205**	**2,668,378**

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years ended December 31, 2014 and 2013

(All Amount Expressed in Thousands of New Taiwan Dollars)

	2014	2013
Cash flows from operating activities:		
Profit before tax	$ 85,303	620,331
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation (Including investment property)	24,489	19,301
Amortization	8,463	6,041
Provision for bad debt expense	71,566	19,054
Provision for inventory obsolescence	1,299	22,829
Gain on disposal of available – for – sale financial assets	(3,309)	(3,781)
Share of loss (gain) of associates accounted for using equity method	218	(4,203)
Other	14,108	(13,433)
	116,834	45,808
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	9,429	82,799
Accounts receivable	173,019	(235,236)
Construction contracts receivable	2,508	(340,982)
Inventories	(247,959)	(60,639)
Other financial assets	(174,960)	5,480
	(237,963)	(548,578)
Changes in operating liabilities:		
Notes payable	129,280	(40,686)
Accounts payable	52,090	170,367
Construction contracts payable	168,440	(56,194)
Advance sales receipts	75,963	(164,325)
Other current liabilities	(54,862)	(13,809)
	370,911	(104,647)
Total adjustments	249,782	(607,417)
Cash inflow generated from operations	335,085	12,914
Interest received	10,670	8,438
Interest paid	(4,283)	(5,416)
Income taxes paid	(157,462)	(200,317)
Net cash generated from (used in) operating activities	184,010	(184,381)
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(307,162)	(277,480)
Proceeds from disposal of available-for-sale financial assets	330,268	267,145
Acquisition of subsidiaries	15,429	-
Acquisition of property, plant and equipment	(16,779)	(11,268)
Proceeds from disposal of property, plant and equipment	275	702
Increase in other non-current assets	(21,746)	(624)
Net cash generated from (used in) investing activities	285	(21,525)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(209,597)	135,672
Payment of cash dividends	(461,358)	(461,358)
Changes in non-controlling interests	97,891	-
Net cash used in financing activities	(573,064)	(325,686)
Effect of exchange rate changes on cash and cash equivalents	73,988	52,823
Net decrease in cash and cash equivalents	(314,781)	(478,769)
Cash and cash equivalents at beginning of year	1,456,226	1,934,995
Cash and cash equivalents at end of year	**$ 1,141,445**	**1,456,226**

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

1. **Organization and business scope**

Acter Co., Ltd. (the "Company") was incorporated on February 19, 1979, under the approval of the Ministry of Economic Affairs, R.O.C. The Company's registered office address is located at 33F-1, No. 787, Zhongming S. Rd., South District., Taichung City 402, Taiwan (R.O.C.).The consolidated financial statements of the Company as of and for the year ended December 31, 2014 comprised the Company and its subsidiaries (together referred to as the "Group"). The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. The principal operating activities of the rest of the Group entities are described in Notes 4 (3). Acter's common shares were publicly listed on the Taipei Exchange ("TPEx") on November 10, 2010.

2. **Approval date and procedures of the consolidated financial Statements**

The consolidated financial statements for the years ended December 31, 2014 and 2013 was authorized for issue by the Board of Directors on February 26, 2015.

3. **New standards and interpretations not yet adopted**

(1) Impact of the 2013 version of the International Financial Reporting Standard ("IFRS") endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet effective.

According to the official letter No. 1030010325 issued on April 3, 2014 by the FSC, listed, over-the-counter, and emerging stock companies are required to adopt the 2013 version of the IFRS endorsed by the FSC (IFRS 9 Financial instruments is excluded) in preparing financial statements starting 2015. The new standards and interpretations which were issued, revised and amended lately were summarized as follows:

New standards and amendments	Effective date per IASB
· Amended IFRS 1 "*Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*"	July 1, 2010
· Amended IFRS 1 "*Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* "	July 1, 2011
· Amended IFRS 1 "*Government Loans* "	January 1, 2013
· Amended IFRS 7 "*Disclosure-Transfers of Financial Assets* "	July 1, 2011
· Amended IFRS 7 "*Disclosure-Offsetting Financial Assets and Financial Liabilities* "	January 1, 2013
· IFRS 10 "Consolidated Financial Statements"	January1, 2013 (Investment Entities amendments, effective January 1, 2014.)
· IFRS 11 "Joint Arrangements"	January 1, 2013
· IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
· IFRS 13 "Fair Value Measurement"	January 1, 2013
· Amended IAS 1 "*Presentation of Items of Other Comprehensive Income* "	July 1, 2012
· Amended IAS 12 "*Deferred Tax: Recovery of Underlying Assets* "	January 1, 2012
· Amended IAS 19 "*Employee Benefits* "	January 1, 2013
· Amended IAS 27 "*Separate Financial Statements*"	January 1, 2013
· Amended IAS 32 "*Offsetting Financial statements*"	January 1, 2014
· IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"	January 1, 2013

The Group has assessed that the 2013 version of the IFRS may not have significant impact on the consolidated financial statements.

(Continued)

(2) Impact of IFRS issued by the IASB but not yet endorsed by the FSC

The 2013 version of the IFRS issued by the IASB but not yet endorsed by the FSC were as follows:

New standards and amendments	Effective date per IASB
· IFRS 9 "Financial Instruments"	July 1, 2018
· Amended IFRS 10 and IAS 28 "*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* "	January 1, 2016
· Amended IFRS 10, IFRS 12, and IAS 28 "*Investment Entities: Applying the Consolidation Exception* "	January 1, 2016
· Amended 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
· Amended IAS 1 "*Disclosure Initiative*"	January 1, 2016
· Amended IAS 16 and IAS 38 "*Clarification of Acceptable Methods of Depreciation and Amortization*"	January 1, 2016
· Amended IAS 16 and IAS 41"*Agirculture: Bearer Plants*"	January 1, 2016
· Amended IAS 19 "*Defined Benefit Plans: Employee Contributions*"	July 1, 2014
· Amended IAS 27 "*Equity method in separate financial statements*"	January 1, 2016
· Amended IAS 36 "*Recoverable Amount Disclosures for Non-Financial Assets* "	January 1, 2014
· Amended IAS 39 "*Novation of Derivatives and Continuation of Hedge Accounting*"	January 1, 2014
· Amended IFRIC 21 "*Levies*"	January 1, 2014

As the standards and amendments above have not been endorsed by the FSC, the Group is in the process of assessing the impact on the financial position and results of operations. Related impact will be disclosed following the completion of its assessments.

4. Summary of Significant accounting policies

The following significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements unless otherwise specified. The significant accounting policies applied are summarized as follows:

(1) Statement of compliance

The accompanying consolidated annual financial statements have been prepared in accordance with the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China (hereinafter referred to the Regulations), International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as "IFRS endorsed by the FSC").

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated balance sheets:

(Continued)

a. Financial instruments measured at fair value through profit or loss are measured at fair value;

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

c. The defined benefit asset is recognized as plan assets, plus, unrecognized past service cost, less, the present value of the defined obligation.

B. Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised the Company and its subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the control commences until the date that the control ceases. Gains or Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements

			Shareholding	
Name of investor	**Name of subsidiary**	**Principal activity**	**2014.12.31**	**2013.12.31**
(a)The Company	Nova Technology Corp. (Nova Tech) (Note 6)	Wholesale of electronic and chemical equipment	88.95%	100%
	HerSuo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100%	100%
	Enrich Tech Co., Ltd. (Enrich Tech)(Note 5)	Comprehensive construction company	100%	-
	Sheng Huei International Co., Ltd. (Sheng Huei International)	Investment holding company	100%	100%
	Nova Technology Singapore Pte., Ltd. (NTS)	Auto-supply system for semiconductors	100%	100%
(b) Nova Tech	Winmax Technology Corp. (Winmax)	Design and manufacture of air containers and liquid containers	100%	100%
	Winmega Technology Corp. (Winmega) (Note 7)	Wholesale of electronic and chemical engineering equipments,	100%	-

(Continued)

Acter Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding 2014.12.31	Shareholding 2013.12.31
(c) Sheng Huei International	Sheng Huei (Suzhou) Engineering Co., Ltd. (Sheng Huei Suzhou)	Construction and set-up of electronic equipment and air conditioners	100%	100%
	Acter Trading Co., Ltd. (Acter Trading) (Note 3)	Agent for electronic equipment importing and exporting	-	-
	Acter International Ltd. (Acter International)	Investment holding company and trading of clean rooms and air conditioners	100%	100%
	New Point Group Ltd. (New Point)	Investment holding company and trading of clean rooms and air conditioners	100%	100%
	Sheng Huei Engineering Technology Co., Ltd. (Sheng Huei Engineering)	Set-up of electronic protection systems and central air conditioners	100%	100%
(d) NTS	Nova Technology Malaysia Sdn. Bhd.(NTM)	Auto-supply system for semiconductors	100%	100%
	Novamex Indonesia, PT. (NMI) (Note 2)	Huge machinery and other goods trading	100%	100%
(e) Sheng Huei (Suzhou)	Shenzhen Ding –Mao Trade Co., Ltd. (Shenzhen Ding –Mao)	Electronic equipment and machinery trading	100%	100%
	SCEC (Suzhou) Corporation (SCEC Suzhou) (Note 1)	Construction and set-up of electronic equipment and air conditioners	57.81%	100%
	SCEC (Shanghai) Corporation (SCEC Shanghai) (Note 4)	Wholesale, import and export of equipment and commission agent	57.81%	46.03%
(f) Acter International	Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	Construction and set-up of electronic equipment and air conditioners	100%	100%
	Suzhou Ding-Mao Engineering Co., Ltd. (Suzhou Ding-Mao) (Note 3)	Construction and set-up of electronic equipment and air conditioners	-	-
(g) New Point	Zhangjiagang Free Trade Zone Fuyu Internation Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100%	100%

Note 1:Sheng Huei Suzhou set up its subsidiary SCEC Suzhou and acquired 100% equity ownership in February, 2013. SCEC International (HK) Company Limited had increased capital in SCEC Suzhou in January, 2014, while the Group had not. The Group's shareholding of SCEC Suzhou decreased from 100% to 57.81%.

Note 2: NTS had established NMI in Indonesia in July, 2013, and the ownership consists of 99% from NTS and 1% from NTM.

Note 3: Acter Trading and Suzhou Ding-Mao completed the liquidation procedures in 2013.

(Continued)

Note 4: SCEC Shanghai was included in the consolidated financial statement since Sheng Huei Suzhou had increased capital in SCEC Shanghai in January, 2014 and the shareholding of SCEC Shanghai is increased to 57.81%.

Note 5: The Group acquired 100% shares of Enrich Tech Co., Ltd in June, 2014.

Note 6: Nova Tech increased capital in August, 2014, with the additional shares purchased by its employees and Solar Applied Materials Technology Corporation. The shareholding decreased from 100% to 88.95% because the Group did not participate in this investment.

Note 7: Nova Tech established Winmega in July, 2014.

C. Subsidiaries excluded from consolidation: None.

(4) Foreign currency

A. Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period adjusted for the effective interest and payments during the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following accounts which are recognized in other comprehensive income:

- Available-for-sale equity investment;
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group’s functional currency at the exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group’s functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and are presented in the exchange differences on translation of foreign financial statements in equity.

Acter Co., Ltd. and Subsidiaries

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However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(5) Classification of current and non-current assets and liabilities

An operating cycle (usually one year to two year) is a criterion to make judgment on whether assets or liabilities related to construction contracts are classified as current or non-current. The rest assets and liabilities are classified according to the following criteria:

1. An entity shall classify an asset as current when it meets one of the following conditions:

   A. It holds the asset primarily for the purpose of trading;

   B. It expects to realize the asset within twelve months after the reporting period; or

   C. The asset is cash and cash equivalent unless, the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

   An entity shall classify all other assets as non-current.

2. An entity shall classify a liability as current when:

   A. It holds the liability primarily for the purpose of trading;

   B. The liability is due to be settled within twelve months after the reporting period ; or

   C. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

(Continued)

(6) Cash and cash equivalents

Cash comprise cash balances and call deposits. Cash equivalents are assets that are readily convertible into cash, and are subject to an insignificant risk of changes in their fair value. Time deposits are accounted under cash and cash equivalents if they are accord with the definition aforementioned, and are held for the purpose of meeting short-term cash commitment rather than for investment or other purpose, readily convertible to a known amount of cash and have an insignificant risk of change in value.

(7) Financial instruments

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

A. Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

a. Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is held-for-trading or is designated as financial assets at fair value through profit or loss.

Financial assets classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than the ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- Performance of the financial asset is evaluated on a fair value basis.
- Hybrid instrument contains one or more embedded derivatives.

At initial recognition, financial assets classified under this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent valuation is measured at fair value and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, trade date accounting is used.

b. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on monetary financial instruments are recognized in other comprehensive income and unrealized gains (losses) on available-for-sale financial assets in equity. When an available-for-sale investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, under other income. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, trade date accounting is used.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost less any impairment loss, and are included in financial assets measured at cost.

Dividend income is recognized in profit or loss on the date when the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in other income of profit or loss.

c. Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market, comprising trade receivables and other receivables. At initial recognition, these assets are recognized at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables.

d. Impairment of financial assets

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events (a loss event) that occurred subsequent to the initial recognition of the asset and that a loss event (or events) has an impact on the future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

(Continued)

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than the one suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate. Such impairment loss is not reversible in subsequent periods.

The carrying amount of a financial asset is reduced for an impairment loss, except for trade receivables, in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off against the allowance account. Any subsequent recovery from written off receivable is charged to the allowance account. Changes in the allowance accounts are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed against profit or loss.

Impairment losses and recoveries are recognized in profit or loss under "other gains and losses, net".

e. Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for sale financial assets is recognized as profit or loss under "other gains and losses, net".

(Continued)

On partial derecognition of a financial assets, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for sale financial assets is reclassified to profit or loss under “other gains and losses, net”.

B. Financial liabilities and equity instruments

a. Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity instruments in accordance with the substance of the contractual agreement.

Equity instruments are any contractual agreement that can manifest the Group’s residual interest after assets less liabilities. Equity instruments issued are recognized based on amount of consideration received, less, the direct cost of issuing.

Preferred share capital is classified as equity if it is non-redeemable, or redeemable only at the Company’s option, and any dividends are discretionary. Discretionary dividends thereon are recognized as distributions within equity upon approval by the Group’s shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if the dividend payments are not discretionary.

Compound financial instruments issued by the Group comprise convertible bonds payable that can be converted to share capital at the option of the holder when the number of shares to be issued is fixed.

At initial recognition, the liability component of a compound financial instrument is recognized at fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially based on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, under non-operating income and expense.

On conversion, financial liability is reclassified to equity without recognizing any gain or loss.

(Continued)

b. Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition.

Financial liabilities are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. At initial recognition, the Group designates financial liabilities as at fair value through profit or loss under one of the following situations:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis;

ii. Performance of the financial liabilities is evaluated on a fair value basis;

iii. Hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss under "non-operating income and expenses".

Financial liabilities at fair value through profit or loss is measured at cost if it sells borrowed unquoted equity investment whose fair value cannot be reliably measured and that it is to be delivered to the obligator of the equity investment. It is included in financial liabilities measured at cost.

The Group provides and designates financial guarantee contract and loan commitments as at fair value through profit or loss, any gains and losses are recognized in profit or loss.

c. Other financial liabilities

At initial recognition, financial liabilities not classified as held-for-trading, or designated as at fair value through profit or loss, which consist of loans and borrowings, and trade and other payables are measured at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss under finance cost.

d. Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or expires.

The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in "non-operating income and expenses".

(Continued)

e. Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

C. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate fluctuation exposures. At initial recognition, derivatives are recognized at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein, are recognized in profit or loss under "non-operating income and expenses". When a derivative is designated as a hedging instrument, the timing for recognizing gain or loss is determined based on the nature of the hedging relationship. When the result of the valuation at fair value of a derivative instrument is positive, it is classified as a financial asset; otherwise, it is classified as a financial liability.

Derivatives linked to investments in equity instruments that do not have a quoted market price in an active market and must be settled by delivery of unquoted equity instruments are classified as financial assets, which are measured at amortized cost. These derivatives are classified as financial liabilities measured at cost.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Construction Contracts

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost, plus, profit recognized to date (see note 6(4)) less progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction contracts in progress is presented as the amount due from customers for contract work in the statements of financial position for all contracts in which costs incurred, plus, recognized profits exceed progress billings. If progress billings exceed costs incurred, plus, recognized profits, then the difference is presented as amount due to customers for contract work in the statement of financial position.

(10) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of investment includes transaction costs. The carrying amount of investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The Group's share of the profit or loss and other comprehensive income of equity accounted investees are included, after adjustments to align the said investees' accounting policies with those of the Group, in the condensed consolidated financial statements from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(11) Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of raw materials and direct labor, and any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(Continued)

(12) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined based on the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss under other gains and losses.

B. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

C. Depreciation

Depreciation is calculated based on the depreciable amount of an asset using the straight-line basis over its useful life. The depreciable amount of an asset is determined based on the cost less its residual value. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period is recognized in profit or loss.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life, and therefore, is not depreciated.

(Continued)

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

a. Buildings: 20~49 years

b. Other facilities: 3~12 years

c. The significant portion of plant and building consists of its main building and miscellaneous parts, which are estimated over their useful life within 10~49 years.

d. The significant portion of other facilities consists of transportation vehicles and others, which are estimated over their useful life within 2~9 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If the expectation of useful life differs from the previous estimate, the change(s) is accounted for as a change in an accounting estimate.

(13) Intangible assets

A. Other Intangible Assets

Other intangible assets that are acquired by the Group are measured at cost, less, accumulated amortization and any accumulated impairment losses.

B. Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

C. Amortization

Depreciable amount of intangible asset is calculated based on the cost of an asset less its residual values.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date when they are made available for use. The estimated useful lives of intangible assets for the current and comparative periods are as follows:

Computer software cost 1~10 years

The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually at each financial year-end. Any change thereof is accounted for as a change in accounting estimate.

(14) Impairment – Non-derivative financial assets

The Group assesses non-derivative financial assets for impairment (except for inventories, assets arising from construction contracts, deferred income tax assets and employee benefits) at every reporting date, and estimates its recoverable amount. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Such is deemed as an impairment loss, which is recognized immediately in profit or loss.

The Group assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated. An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization), if no impairment loss had been recognized.

For the purpose of impairment testing, goodwill acquired in a business combination from the acquisition date is allocated to each of the acquirer’s cash-generating units, or groups of cash-generating units, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

(15) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and an outflow of economic benefits is possibly required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(Continued)

(16) Revenue

A. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For international trade where FOB shipping point is mainly adopted, transfers occur upon loading the goods onto the relevant carrier at the port. For domestic trade, transfers usually occur when the product is received at the customer’s warehouse.

B. Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. If Contract costs related to future activity of the contract incur, they can be recognized as assets to the recoverable extent.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; survey of work performed or completion of a physical proportion of the contract work. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(Continued)

B. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted from the aforesaid discounted present value. The discount rate is the yield at the reporting date on bonds (market yields of government bonds) that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

All actuarial gains and losses at 1 January, 2013, the date for the first time adoption of IFRS as endorsed by the FSC, were recognized in retained earnings. All actuarial gains and losses arising subsequently from defined benefit plans are recognized in other comprehensive income.

C. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(18) Income Taxes

Income tax expense includes current tax and deferred tax, which are recognized as profit or loss except for the involvement in business combination and direct recognition in equity or other comprehensive income.

Current tax includes expected current tax payable or tax refund receivable calculated by taxable income (loss) for the year multiplied by legal tax rate or substantial legislative tax rate on the reporting date, and any prior year income tax payable adjustment.

(Continued)

Deferred tax is measured and recognized on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for corresponding tax bases. Deferred tax is not recognized when temporary differences arise from the following situations:

A. Initial recognition of assets and liabilities in non business combination transactions. Such transactions do not influence the accounting income and taxable income (loss).

B. Temporary differences arising from investment in subsidiaries and joint ventures, and reversal of them is not expected in the probable foreseeable future.

C. Initial recognition of goodwill.

Deferred tax is measured on the tax rate for the period of expected asset realization or settlement of liabilities, with legal tax rate or substantial legislative tax rate on reporting date as a basis.

Deferred tax asset and deferred tax liability offset occurs when the following criteria is met:

A. A legal enforcement exists to offset current income tax asset and liability; and

B. Deferred tax asset and liability relates to taxpayers as the following, whose tax is levied by the same taxing authority:

i. Taxpayer remains the same; or

ii. Taxpayer differs, yet each taxpayer intends to settle the current tax liability and asset on a netting basis or have the asset realized and settle the liability simultaneously, in the future with a significant amount of recoverable deferred tax asset and settlement of deferred tax liability.

A deferred tax asset is recognized for the unused taxable losses and unused tax credits carry forward, and deductible temporary differences to the extent that future taxable income is probably available for use. It is also subject to re-evaluation in every subsequent reporting date, and downward adjustment is made to the extent that realization of related income tax benefit is not probable.

(19) Business combination

Goodwill is measured at the consideration transferred less amounts of the identifiable assets acquired and the liabilities assumed (generally at fair value) at the acquisition date. If the amounts of net assets acquired or liabilities assumed exceeds the acquisition price, an assessment is made whether all of the assets acquired and liabilities assumed are correctly identified, and a gain is recognized for the excess.

Non-controlling equity interest is measured either at fair value at acquisition date or at the share of the acquirer’s identifiable net assets in each acquisition.

In a business combination achieved in batches, the previously held equity interest in the acquiree at its acquisition date fair value is re-measured and the resulting gain or loss, if any, is recognized in profit or loss.

(Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

All transaction costs relating to business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

(20) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as employee bonuses and employee stock bonuses that have not yet been authorized by the stockholders' meeting.

(21) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

5. Major sources of accounting assumptions, judgments and estimation uncertainty

The preparation of the consolidated financial statements in conformity with the International Accounting Standards endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

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6. **Significant account disclosure**

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Petty cash and cash on hand	$ 25,228	1,552
Checking and demand deposits	755,059	810,915
Time deposits	171,330	144,794
Cash equivalent - repurchased commercial paper	189,828	498,965
	$ 1,141,445	1,456,226

Please refer to note 6 (17) for the disclosure of sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(2) Investment in financial assets

	December 31, 2014	December 31, 2013
Current:		
Available-for-sale financial assets		
Beneficiary securities - open-end funds	$ 233,202	249,004
Non-current:		
Available-for-sale financial assets		
Xantia Corporation Co., Ltd.	15,201	21,396
Holy Stone Healthcare Co., Ltd.	10,708	19,595
Financial assets carried at cost		
Taichung International Entertainment Co., Ltd. (under other noncurrent assets)	45	45
Total	$ 259,156	290,040

A. The aforesaid financial assets were not pledged.

B. The credit risk, currency risk and interest risk related to the financial instruments was disclosed in note 6 (17).

C. The original name of Xantia Corporation Co., Ltd. is Sunner Solar Corporation Co., Ltd. It is renamed due to business combination with other corporation and its own segment restructure on July 5, 2013.

(Continued)

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(3) Notes and accounts receivable, and other receivables net

From operating activities:		December 31, 2014	December 31, 2013
Notes receivable	$	165,462	174,891
Accounts receivable		1,824,177	1,997,196
Less: Allowance for impairment		(141,813)	(64,820)
	$	**1,847,826**	**2,107,267**
Other receivables		43,703	35,634
Total	$	1,891,529	2,142,901

A. Accounts receivable includes retained construction receivable, which amounted to $47,682, and $22,899 as of December 31, 2014 and 2013, respectively.

B. The notes and accounts receivable are not discounted or pledged.

C. Impairment loss is the difference between the carrying amount and the amount expected to be collected. The movement in the allowance for impairment with respect to notes and accounts receivable and other receivables for the year ended December 31, 2014 and 2013 were as follows:

		2014	2013
Balance, January 1	$	64,820	43,289
Impairment loss recognized		71,566	19,054
Effect of exchange rate changes		5,427	2,477
Balance, December 31	$	141,813	64,820

The Group’s accounts receivable from Wintek Corporation and its subsidiaries amounted to $59,568, which has been recognized as impairment loss. Please refer to Note 12.

(4) Construction contracts

A. Construction revenue and loss

Construction contract revenue of the Group has been determined based on the percentage - of - completion method. The extent of completion is determined based on contract costs incurred for work performed to date in proportion to the estimated total contract costs. Any expected excess of the total contract costs over the total contract revenue is immediately recognized as construction cost.

		2014	2013
Construction revenue recognized in the periods	$	6,459,282	7,314,703

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B. Construction-in-progress

	December 31, 2014	December 31, 2013
Accumulated construction costs incurred (including contract costs that relate to future activity)	$ 8,283,489	7,011,608
Add: Accumulated construction profit and losses	171,113	477,958
	8,454,602	7,489,566
Less: Progress billings	(7,570,652)	(6,434,234)
	$ 883,950	1,055,332
Construction contracts receivable presented as an asset	$ 1,387,905	1,390,413
Construction contracts payable presented as a liability	(503,955)	(335,081)
	$ 883,950	1,055,332
Accumulated advance received	$ 3,346	3,533

The Group's construction contracts receivable from Wintek Corporation and its subsidiaries amounted to $155,635, which has been recognized as impairment loss. Please refer to Note 12.

(5) Inventories

	December 31, 2014	December 31, 2013
Finished goods and merchandise	$ 60,674	436,544
Work in process and semi-finished goods	971,813	294,639
Raw materials	67,256	120,601
	1,099,743	851,784
Less: provision for inventory devaluation	(24,351)	(23,052)
	$ 1,075,392	828,732

For the years ended December 31, 2014 and 2013, the Group wrote down an operating cost of $1,299 and $22,829, respectively, from the write-down of inventory cost to net realizable value.

The inventories are not pledged for the year ended December 31, 2014 and 2013.

(6) Investment in equity-accounted investees

	December 31, 2014	December 31, 2013
Carrying amount of the investment in associates	$ 1,407	6,497

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A. The Group's shareholding in associates and share of gain (loss) of associative accounted for using equity method are as follows:

	December 31, 2014	December 31, 2013
SCEC (Shanghai) Corporation	-	46.03%
Global OneSource Life Sciences Company Ltd.	40%	-

(1) SCEC Shanghai was included in the consolidated financial statement since Sheng Huei Suzhou had increased capital in SCEC Shanghai in January, 2014, and the shareholding of SCEC Shanghai is increased to 57.81%.

(2) The Group acquired 40% shares in Global OneSource Life Sciences Company Ltd. amounting to HKD 400 in September, 2014. The investment is accounted for under equity method.

(3) Summary of financial information for the investments in associates, which is not adjusted for the Group's shareholding, were as follows:

	December 31, 2014	December 31, 2013
Total assets	$ 3,520	43,187
Total liabilities	-	29,071
	$ 3,520	14,116

	2014	2013
Revenues	$ -	37,166
Profit (loss)for the period	$ (546)	494

		December 31, 2014	December 31, 2013
(4)	Share of gain (loss) of associates accounted for using equity method	$ (218)	4,203

B. Associates invested by the Company do not have quoted price. The investment accounted for using equity method was not pledged.

(7) Acquisition of subsidiaries

A. The acquisition of two subsidiaries and the consideration transferred are as follows:

The Group prepaid the proceeds of capital increase amounting to $17,685 to SCEC (Shanghai) Corporation (SCEC Shanghai) in December 2013. The Group acquired 11.78% equity interest in SCEC (Shanghai) and became a parent company with 57.81% equity interest, with the record date on January 1, 2014. Obtaining the control on SCEC (Shanghai) expanded the Group's business sites and increased market share in the petrochemical business and reduce operating costs through economy of scale.

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Acter Co., Ltd. and Subsidiaries

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The Group acquired 100% shareholding of Enrich Tech Co., Ltd by investing $26,724 on June 13, 2014. Obtaining control on Enrich Tech expanded the Group's business sites and increase market share in comprehensive construction business and reduce cost by economy of scale.

B. Identifiable assets acquired and liabilities assumed through business combination

The fair value of identifiable assets acquired and liabilities assumed at the acquisition date are as follows:

	SCEC(shanghai)	Enrich Tech	Total
Cash and cash equivalents	$ 26,974	-	26,974
Accounts receivable	5,758	-	5,758
Property, plant and equipment	7,002	-	7,002
Intangible assets	-	11,545	11,545
Other current assets and non-current assets	5,646	15,179	20,825
Accounts payable and other payables	(27,076)	-	(27,076)
Other current liabilities	(1,996)	-	(1,996)
	$ 16,308	26,724	43,032
Cash proceeds to purchase	$ -	(26,724)	(26,724)

C. Acquisition of non-controlling interests

The Group had prepaid the proceeds of capital increase amounting to $17,685 to SCEC (Shanghai) in December, 2013. The Group's shareholding of SCEC (Shanghai) increased from 46.03% to 57.81%. SCEC International (HK) Company Limited had increased capital in SCEC Suzhou in January, 2014, while the Group had not. The Group's shareholding of SCEC Suzhou decreased from 100% to 57.81%, with an increase in capital surplus amounting to $2,166. Nova Tech increased a capital increase in August, 2014, with the additional shares purchased by its employees and Solar Applied Materials Technology Corporation. The shareholding decreased from 100% to 88.95% because the Group did not participate in this investment, with an increase in capital surplus amounting to $38,186. The above transactions generated non-controlling interests amounting to $40,352.

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(8) Property, plant and equipment

		Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Cost:						
Balance on January 1, 2014	$	151,631	153,264	93,546	-	398,441
Additions		-	4,963	12,896	1,051	18,910
Acquisition by merger		-	-	10,029	-	10,029
Disposals		-	-	(7,481)	-	(7,481)
Reclassifications		-	-	1,250	188	1,438
Effect of movements in exchange rates		-	2,811	2,539	44	5,394
Balance on December 31, 2014	**$**	**151,631**	**161,038**	**112,779**	**1,283**	**426,731**
Balance on January 1, 2013	$	151,631	153,198	87,233	-	392,062
Additions		-	-	11,268	-	11,268
Disposals		-	-	(8,759)	-	(8,759)
Reclassifications		-	(4,412)	661	-	(3,751)
Effect of movements in exchange rates		-	4,478	3,143	-	7,621
Balance on December 31, 2013	**$**	**151,631**	**153,264**	**93,546**	**-**	**398,441**
Depreciation:						
Balance on January 1, 2014	$	-	15,971	48,032	-	64,003
Depreciation		-	6,312	17,840	-	24,152
Acquisition by merger		-	-	3,027	-	3,027
Disposals		-	-	(6,912)	-	(6,912)
Effect of movements in exchange rates		-	395	1,471	-	1,866
Balance on December 31, 2014	**$**	**-**	**22,678**	**63,458**	**-**	**86,136**
Balance on 1 January 2013	$	-	11,632	39,979	-	51,611
Depreciation		-	6,038	12,918	-	18,956
Disposals		-	-	(7,672)	-	(7,672)
Reclassifications		-	(2,080)	1,118	-	(962)
Effect of movements in exchange rates		-	381	1,689	-	2,070
Balance on December 31, 2013	**$**	**-**	**15,971**	**48,032**	**-**	**64,003**
Carrying amounts:						
Balance on December 31, 2014	**$**	**151,631**	**138,360**	**49,321**	**1,283**	**340,595**
Balance on December 31, 2013	**$**	**151,631**	**137,293**	**45,514**	**-**	**334,438**

Please refer to Note 8 for details of the property, plant and equipment pledged as collateral.

(9) Investment Property

		Land and improvement	Building and construction	Facilities	Total
Cost:					
Balance on January 1, 2014	**$**	**20,937**	**12,561**	**86**	**33,584**
Balance on December 31, 2014	**$**	**20,937**	**12,561**	**86**	**33,584**
Balance on January 1, 2013	**$**	**20,937**	**12,561**	**86**	**33,584**
Balance on December 31, 2013	**$**	**20,937**	**12,561**	**86**	**33,584**
Depreciation:					
Balance on January 1, 2014	$	-	2,314	65	2,379
Depreciation		-	331	6	337
Balance on December 31, 2014	**$**	**-**	**2,645**	**71**	**2,716**

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	Land and improvement	Building and construction	Facilities	Total
Balance on 1 January 2013	$ -	1,983	51	2,034
Depreciation	-	331	14	345
Balance on December 31, 2013	$ -	2,314	65	2,379
Carrying amounts:				
Balance on December 31, 2014	$ 20,937	9,916	15	30,868
Balance on December 31, 2013	$ 20,937	10,247	21	31,205
Fair value:				
Balance on December 31, 2014				$ 37,069
Balance on December 31, 2013				$ 37,069

The board of directors of Acter resolved in November 2006 to purchase the building on Chung Cheng land district, Taichung, for self-use or lease purposes, and the lease began in 2007. As of December 31, 2014, the future receivable for the Group is as follows:

Term	Amount
2015.01.01~2015.10.31	$ 678

a. The original recognition of investment property is measured at cost, and the subsequent measurement is also accounted for under cost model.
b. The depreciation is calculated by its depreciable amount after the original recognition of investment property, and market value is used as the fair value to asset its impairment.
c. The investment property is not pledged.

(10) Provisions

The movement in the provisions with respect to warranties was as follows:

	2014	2013
Balance on January 1	$ 200,651	210,010
Provisions made during the period	149,594	159,912
Provisions used during the period	(158,102)	(177,501)
Effect of movements in exchange rates	3,774	8,230
Balance on December 31	$ 195,917	200,651

The Group’s warranty provision is estimated based on historical data of the construction contract. Most liabilities are expected to occur during the warranty period that is mentioned in the contract since completion of the construction.

(11) Short-term loans

	December 31, 2014	December 31, 2013
Unsecured bank loans	$ 31,284	180,975
Secured bank loans	46,951	106,857
	$ 78,235	287,832
Unused facilities	$ 2,842,107	2,504,425
Interest Rate	1.3%~2.33%	1.5%~6.72%

For the following risk exposure information about the Group's interest, currency, and liquidity, please refer to Note 6(17).

For details of the related assets pledged for bank loans, please refer to Note 8.

(12) Employee benefits

A. Defined benefit plans

The reconciliation in the present value of defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2014	December 31, 2013
Present value of defined benefit obligation	$ 49,548	45,167
Fair value of plan assets	(14,806)	(12,519)
Recognized liabilities (assets) for defined benefit obligations	$ 34,742	32,648

The Group makes defined benefit plan contributions to the pension fund account in the Bank of Taiwan. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on the years of service and the average monthly salary for six months prior to retirement.

(a) Composition of plan assets

The Group set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to these funds, its minimum earnings in the annual distributions on the final financial statements shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Group's labor pension reserve account balance in the Bank of Taiwan amounted to $14,806 as of December 31, 2014. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

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(b) The movement in present value of the defined benefit obligations

		2014	2013
Balance, January 1	$	45,167	43,478
Service cost and interest for the period		903	761
Actuarial loss		3,478	928
Balance, December 31	$	49,548	45,167

(c) The movement in fair value of defined benefit plan assets

		2014	2013
Balance, January 1	$	12,519	10,368
Benefit paid from plan assets		1,927	1,995
Expected return on plan assets		269	198
Actuarial gain (loss)		19	(42)
Balance, December 31	$	$14,806	12,519

(d) The expenses recognized in profit or loss

		2014	2013
Interest cost	$	903	761
Expected return on plan assets		(269)	(198)
		634	563
Operating cost		117	67
Operating expense		517	496
	$	634	563

(e) Actuarial gains and losses are recognized in other comprehensive income

		2014	2013
Attributable to:			
The Company	$	(3,202)	(970)
Non-controlling interests		134	-
Recognition for the period	$	(3,068)	(970)

(f) Actuarial assumptions

i. For actuaries for present value of defined benefit obligations

	December 31, 2014	December 31, 2013
Discount rate	2.00%	2.00%
Expected return rate on plan assets	2.00%	2.00%
Future salary rate increases	3.00%	3.00%

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ii. For actuaries for cost of defined benefit plan

	December 31, 2014	December 31, 2013
Discount rate	2.00%	1.75%
Expected return rate on plan assets	2.00%	1.75%
Future salary rate increases	3.00%	3.00%

The expected ratio was based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return ratio was based exclusively on historical returns, without adjustments.

(g) Experience adjustments based on historical information

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 49,548	45,167	43,478	39,537
Fair value of plan assets	(14,806)	(12,519)	(10,368)	(8,440)
(Surplus) deficit in the plan	$ 34,742	32,648	33,110	31,097
Experience adjustments arising on plan liabilities	$ 3,478	928	3,150	-
Experience adjustments arising on plan assets	$ (95)	42	88	-

(h) When calculating the present value of the defined benefit obligation, the Group must uses judgment and estimates to determine the actuarial assumptions at the reporting date, including staff turnover and future salary changes. Any changes in actuarial assumptions could materially affect the Group to determine the amount of the benefit obligations.

As of December 31, 2014, the Group's book value of accrued pension liabilities was $34,742. When there is an increased (decreased) of 0.25% of the discount rate at the reporting date, it would have decreased the accrued pension liabilities by $2,204 or increased the accrued pension liabilities by $2,326. When there is an increased (decreased) of 0.25% in the future salary rate, it would have increased the accrued pension liabilities by $2,263 or decreased the accrued pension liabilities by $2,298.

B. Defined contribution plans

The Group contributes an amount at the rates of 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance and Council of Labor Affairs in accordance with the provisions of the Labor Pension Act. The Group's contributions to the Bureau of the Labor Insurance for the employees' pension benefits require no further additional payment of legal or constructive obligations.

For the years ended December 31, 2014 and 2013, the Group set aside $20,839 and $19,768, respectively, of the pension costs under the defined contribution method.

(13) Capital and other equity

A. Issuance of common stock

As of December 31, 2014 and 2013, the authorized common stock was $720,000 and the issued common stock amounted to $461,359, with a par value of $10 per share.

B. Capital surplus

The components of the capital surplus were as follows:

	December 31, 2014	December 31, 2013
From issuance of common stock	$ 896,599	896,599
Changes in equity of associates and joint venture accounted for under equity method	40,352	-
	$ 936,951	896,599

The company had not participated in the capital increased of SCEC Suzhou in January, 2014. The shareholding of SCEC Suzhou decreased from 100% to 57.81%, with an increase in capital surplus amounting to $2,166.

The company had not participated in the capital increased of Nova Thch in August, 2014. The shareholding of Nova Tech decreased from 100% to 88.95%, with an increase in capital surplus amounting to $38,186.

The above transactions generated capital surplus amounting to $40,352.

In accordance with Amended Company Act, effective January 2012, realized capital reserves can only be capitalized or distributed as cash dividends after offsetting against losses. The aforementioned realized capital reserves include share premiums and donation gains. In accordance with Securities Offering and Issuance Guidelines, the amount of capital surplus that can be capitalized shall not exceed 10 percent of the paid-in capital.

C. Legal reserve

In accordance with the Company Act, 10 percent of net income should be set aside after offsetting accumulated deficits, if any, as legal reserve, until it is equal to issued common stock. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25 percent of the paid-in capital.

D. Special reserve

The difference between the total net reduction of other shareholders' equity and the carrying amount of special earnings reserve as stated above shall be reclassified as a special earnings reserve during earnings distribution. Other prior accumulated debit balance of stockholders equity was recognized as additional special reserve from prior undistributed earnings, and distributions were prohibited. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

The net increase in retained earnings due to the first adoption of IFRS 1 amounting to $39,790, shall be recorded as special reserve under related rules. The apportioned earnings are reversed to the extent the percentage the special reserve is originally recognized when related assets are used, disposed of or reclassified. The above special reserve has been reversed to retained earnings amounting to $2,905 due to the disposal of ownership of associates, SCEC HK, and the liquidation of subsidiaries, Acter Trading and Suzhou Ding-Mao in 2013.

As of December 31, 2014 and 2013, the Company's balance of special reserve was $36,885.

E. Retained earnings and earnings distribution

The Company recognized the actuarial gain and loss of defined benefit obligations as other comprehensive income under retained earnings. The changes for the year ended December 31, 2014 and 2013 were as follows:

	2014	2013
Attributable to the Company	$ (1,299)	759
Attributable to subsidiaries	(1,769)	(1,729)
	$ (3,068)	**(970)**

According to Acter's articles of incorporation, 10% of the annual earnings, after offsetting any accumulated deficit and payment of income taxes due, if any, shall be set aside as a legal reserve. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remainder of such appropriation should be as follows:

i. 2% or more as bonuses to employees. However, Acter may include employees of subsidiaries in profit sharing in the form of stock.

ii. 3% as remuneration to directors.

iii. The remaining balance, excluding (i) and (ii), is partially reserved depending on the business environment, growth status, and long-term finance planning. After deducting the aforementioned partially reserve, the remaining balance, plus, any unappropriated earnings in previous years shall be used for distribution of stockholders' bonuses by the board of directors, depending on the capital status and economic development in the current year. Cash bonuses should not be less than 10% of the total stockholders' bonuses, and they will be recommended by the board of directors and resolved in the stockholders' meeting.

(Continued)

Based on the abovementioned earnings distribution policy and taking into account the present operating conditions, the employee bonuses in the amounts of $3,457 and $21,322 were accrued for December 31, 2014 and 2013, respectively; and remuneration to directors and supervisors in the amounts of $1,707and $10,973 were accrued for December 31, 2014 and 2013, respectively. However, if the aforementioned employee bonuses are modified by the stockholders' meeting in the following year, the adjustment will be treated as a change in accounting estimate and will be reflected in the statement of operations in the actual distribution year. If the employee bonuses were paid in stock, the number of shares would be determined by dividing the total approved bonus amount by the closing market price of Acter's stock one day prior to the stockholders' resolution and considering the ex-dividend effect.

The Company's board of meeting drafted the proposal of earnings distribution for the year ended December 31, 2014 on February 26, 2015, with employee bonuses and directors' and supervisors' remuneration amounting to $5,164, and it is subject to the resolution of the stockholders' meeting. Relevant information would be available on the Market Observation Post System of the Taiwan Stock Exchange after the abovementioned meetings.

On June 18, 2014, and June 19, 2013, the meeting of stockholders of Acter approved the distribution plan of retained earnings proposed by the board of directors. Information about dividends per share, employees' bonuses and directors' and supervisors' remuneration for 2013 and 2012 is as follows:

	2013	2012
Dividends per share (In New Taiwan Dollars):		
Cash	$ 10.00	10.00
Employees' bonuses－cash	21,322	35,122
Directors' and supervisors' remuneration	10,973	17,242
	$ 32,295	52,364

The above earnings distribution, which was charged to expense, had no difference from the resolution of Acter's board of directors and its accounting records.

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F. Other equity interest

		Foreign currency translation differences for foreign operations	Investment in available-for-sale financial assets	Total
Balance, January1, 2014	$	27,590	13,445	41,035
Foreign currency translation differences (net of tax):				
The Group		30,911	-	30,911
Unrealized gains(losses) on available-for-sale financial assets:				
The Group		-	(16,079)	(16,079)
Balance, December 31, 2014	$	58,501	(2,634)	55,867
Balance, January1, 2013	$	(27,235)	4,608	(22,627)
Foreign currency translation differences (net of tax):				
The Group		54,825	-	54,825
Unrealized gains(losses) on available-for-sale financial assets:				
The Group		-	8,837	8,837
Balance, December 31, 2013	$	27,590	13,445	41,035

(14) Non-operating income and expenses

a. Other revenue

		2014	2013
Interest income	$	10,538	8,547
Rental income		1,292	2,166
Others		14,515	15,299
	$	26,345	26,012

b. Other income and losses

		2014	2013
Exchange gain on foreign currency	$	5,958	17,404
Gain on disposal of investment		3,309	3,781
Others		(472)	10,565
	$	8,795	31,750

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Notes to Consolidated Financial Statements

(15) Taxes

A. Income tax expense

The amount of income tax expense (benefit) for the years ended December 31, 2014 and 2013 were as follows:

	2014	2013
Current income tax expense (benefit):		
Current period	$ 89,832	160,634
10% surtax on undistributed earnings	8,934	21,152
Prior years income tax adjustment	(4,803)	(7,594)
	93,963	174,192
Deferred tax expense:		
Origination and reversal of temporary difference	(97,694)	(20,252)
Income tax expense (benefit)	**$ (3,731)**	**153,940**

The amount of tax income expense recognized in other comprehensive income for the years ended December 31, 2014 and 2013 were as follows:

	2014	2013
Foreign currency translation differences－foreign operations	**$ 6,331**	**11,229**

Reconciliation of income tax expense (benefit) and income before tax were as follows:

	2014	2013
Profit before tax	$ 85,303	620,331
Tax rate according to the Group's location	14,501	105,456
Effect of difference in tax rate of foreign jurisdiction	(6,200)	50,918
Effect on income tax due to permanent difference		
Gain on domestic investment in equity-accounted investee	(15,794)	(21,891)
Prior years income tax adjustment	(4,803)	(7,594)
Others	(537)	93
Effect on income tax due to temporary difference	168	5,806
10% surtax on undistributed earnings	8,934	21,152
Total	**$ (3,731)**	**153,940**

(Continued)

Acter Co., Ltd. and Subsidiaries

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B. Deferred tax asset and liability
(a) Unrecognized deferred tax asset
Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2014	December 31, 2013
Deductible temporary difference	$ 7,929	6,276
Tax losses	17,769	4,925
	$ 25,698	11,201

The tax losses, which are the prior accounting losses examined and approved by the tax authorities, are deductible from profit before tax for the current year and then the rest of the profit is imposed on, according to local tax law of the Company and of the subsidiaries. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2014, the subsidiaries' estimated unused carry-forwards were as follows:

Company Name	Year of Occurrence	Unused amount	Expiry Year	Note
Enrich Tech	2014	$ 6,979	2023	Estimated filing amount
NTS	2012	12,165	-	Filing amount
NTS	2013	13,372	-	Filing amount
NTM	2012	1,981	-	Filing amount
NTM	2013	1,177	-	Filing amount
NTM	2014	4,970	-	Filing amount
Sheng Huei Engineering	2014	3,239	2019	Estimated filing amount
SCEC Suzhou	2013	6,359	2018	Filing amount
SCEC Suzhou	2014	19,561	2019	Estimated filing amount
Sheng Huei Shenzhen	2013	821	2018	Filing amount
Sheng Huei Suzhou	2014	91,328	2019	Estimated filing amount
SCEC Shanghai	2011	5,666	2016	Filing amount
SCEC Shanghai	2012	24,069	2017	Filing amount
SCEC Shanghai	2013	3,044	2018	Filing amount
SCEC Shanghai	2014	5,335	2019	Estimated filing amount
		$ 200,066		

(Continued)

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(b) Recognized deferred tax asset and liabilities

Deferred tax asset:

	January 1, 2013	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2013	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2014
Warranty cost	$ 9,659	(1,168)	-	8,491	11,107	-	19,598
Loss on investment in foreign equity-accounted investee	-	-	-	-	4,829	-	4,829
Estimated construction loss	4,426	(4,426)	-	-	3,032	-	3,032
Loss carry forward	5,337	3,906	-	9,243	20,825	-	30,068
Allowance for decline in realizable value of inventory	38	3,335	-	3,373	182	-	3,555
Excessive provision of bad debt	4,523	7,799		12,322	14,258		26,580
Construction cost	-	5,439	-	5,439	11,774	-	17,213
Others	(180)	(1,229)	-	(1,409)	1,880	-	471
	$ 23,803	13,656	-	37,459	67,887	-	105,346

Deferred tax liability:

	January 1, 2013	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2013	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2014
Gain on investment in foreign equity-accounted investee	$ 158,681	6,715	-	165,396	(32,182)	-	133,214
Changes in accounting principle of construction revenue	13,481	(13,481)	-	-	-	-	-
Foreign currency translation differences for foreign operations	4,158	-	11,229	15,387	-	6,331	21,718
Others	91	170	-	261	2,375	-	2,636
	$ 176,411	(6,596)	11,229	181,044	(29,807)	6,331	157,568

(Continued)

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Notes to Consolidated Financial Statements

C. Income tax examination and approval

The income tax returns of the Company, Hersuo, Nova Techology and Enrich Tech., have been examined by the tax authorities through year 2012.

D. Integrated income tax information

The Company's integrated income tax information was as follows:

	December 31, 2014	December 31, 2013
Unappropriated earnings in 1998 and after	$ 759,135	1,175,370
Balance of the Imputation Credit Account	$ 149,670	147,789

	2014(Estimated)	2013(Actual)
Creditable ratio for distributed to domestic shareholders of earnings	19.72%	17.02%

According to the amendment by the Ministry of Finance on October 17, 2013 under Decree No. 10204562810, the Company's integrated income tax should be covering the disclosed information of imputation tax credit as above.

(16) Earnings per share ("EPS")

	2014	2013
Profit attributable to common shareholders	$ 94,830	466,391
Weighted average number of common shares (In thousand shares)	46,136	46,136
Basic Earnings per share (In New Taiwan Dollars)	$ 2.06	10.11
Profit attributable to common shareholders	$ 94,830	466,391
Weighted average number of common shares (In thousand shares)	46,136	46,136
Add: effect on potential common stock－employee bonuses (In thousand shares)	144	331
Diluted weighted average number of common shares (In thousand shares)	46,280	46,467
Diluted Earnings per share (In New Taiwan Dollars)	$ 2.05	10.04

(Continued)

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Notes to Consolidated Financial Statements

(17) Financial Instruments

A. Categories of financial instruments

Financial assets

	December 31, 2014	December 31, 2013
Available-for-sale financial assets-current	$ 233,202	249,004
Available-for-sale financial assets-noncurrent	25,909	40,991
Financial assets carried at cost	45	45
Loans and receivables:		
Cash and cash equivalents	1,141,445	1,456,226
Notes receivable	165,462	174,891
Accounts receivable	1,682,364	1,932,376
Accounts receivable-related party	-	5,937
Other receivable	43,703	35,634
Other receivable-related party	-	10,894
Sub-total	3,032,974	3,615,958
Total	$ 3,292,130	3,905,998

Financial liabilities

	December 31, 2014	December 31, 2013
Financial liabilities at amortized cost:		
Short-term borrowings	$ 78,235	287,832
Notes payable	285,161	155,881
Accounts payable	2,081,856	2,021,105
Accounts payable-related party	218	6,182
Provisions-current	195,917	200,651
Total	$ 2,641,387	2,671,651

B. Credit risk

(a) Exposure to credit risk

The carrying amount of financial assets represents the Group’s maximum credit exposure. As of December 31, 2014 and 2013, the maximum exposure to credit risk amounted to $3,032,974 and $3,615,958, respectively.

(b) Concentration of credit risk

The Group’s clients are widespread, and hence the group does not trade with some single client obviously. The Group’s sales region is also widespread, so the credit risk of accounts receivable is not concentrated obviously. To lower the credit risk, the Group keeps working on assessing the clients’ financial position regularly. However, no such demand exist that clients provide collaterals.

C. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payment:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2014						
Non-derivative financial liabilities						
Secured bank loans	$ 46,951	47,288	47,288	-	-	-
Unsecured bank loans	31,284	31,484	31,484	-	-	-
Notes payable	285,161	285,161	285,161	-	-	-
Accounts payable (including related parties)	2,277,991	2,277,991	2,166,510	92,748	18,733	-
	$ 2,641,387	2,641,924	2,530,443	92,748	18,733	-
December 31, 2013						
Non-derivative financial liabilities						
Secured bank loans	$ 106,857	108,151	108,151	-	-	-
Unsecured bank loans	180,975	182,041	182,041	-	-	-
Notes payable	155,881	155,881	155,881	-	-	-
Accounts payable (including related parties)	2,227,938	2,227,938	2,137,274	77,694	12,970	-
	$ 2,671,651	2,674,011	2,583,347	77,694	12,970	-

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

D. Currency risk

(A) Exposure to currency risk

The Group's significant exposures to foreign currency risk were as follows:

	December 31, 2014			December 31, 2013		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD	$ 9,557	31.718	303,115	4,419	29.95	132,355
CNY	205,551	5.1125	1,050,879	262,766	4.9472	1,299,957
SGD	3,076	23.9852	73,790	1,222	23.6796	28,935
JPY	26,907	0.2652	7,136	22	0.2853	6
Financial liabilities						
Monetary items						
USD	11,110	31.718	352,397	11,609	29.95	347,694
CNY	177,468	5.1125	907,306	228,187	4.9472	1,128,886
SGD	1,364	23.9852	32,716	145	23.6796	3,439
JPY	152,740	0.2652	40,507	17,223	0.2853	4,914

(B) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY, SGD and JPY as of December 31, 2014 and 2013 would have increased or decreased the after-tax net income by $1,020 and $236, respectively. The analysis is performed on the same basis for both periods.

(Continued)

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E. Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in this note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's internal management reported the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by $782 and $2,878 for the year ended December 31, 2014 and 2013, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

F. Fair value of financial instruments

(A) Fair value and carrying amount

The Group's management considers the carrying amounts of its financial assets and financial liabilities measured at amortized cost as a reasonable approximation of fair value.

(B) Fair value hierarchy

The table below analyses the financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

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

ii. Level 2: Other than quoted prices included within Level 1, inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

iii. Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2014				
Available-for-sale financial assets -current	$ 233,202	-	-	233,202
Available-for-sale financial assets -noncurrent	25,909	-	-	25,909
	$ 259,111	**-**	**-**	**259,111**
December 31, 2013				
Available-for-sale financial assets -current	$ 249,004	-	-	249,004
Available-for-sale financial assets -noncurrent	40,991	-	-	40,991
	$ 289,995	**-**	**-**	**289,995**

(Continued)

The carrying amount of available-for-sale financial assets amounting to $18,918, which originally classified as fair value level 2, has been transferred into fair value level 1 for the year ended December 31, 2013, due to its easy and regular information pertaining to quoted price from brokers and regulators. The quoted price also stands for an actual and regular market transaction in a fair basis.

(18) Financial risk management

A. Overview

The Group is exposed to the following risks due to its use in financial instruments:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

This note discloses the exposure risk information, and the Group's objectives, policies and procedures of measuring and managing risks. For more quantitative disclosure information, please refer to notes of the financial statements.

B. Risk management framework

The Group's finance department provides business services for the overall internal department. It coordinates the domestic and international financial market operations, and supervises and manages financial risks related to the Group's operation based on internal risk report about exposure to risk with the analysis of the extent and width of risk. Operation of derivative financial instruments is subject to the policy approved by the Board of Directors, which is documented based on exchange rate risk, interest risk, credit risk , operation of derivative and non-derivative financial instruments and investment in the remaining current capital. The internal auditors of the Group continue with the review of the compliance with the policy and the extent of the exposure to risk. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group's accounts receivable, investments in securities and financial guarantees.

(Continued)

a. Accounts receivable

The Group goes through the process of credit assessment on the trading parties pertaining to company size, industry perspective and general impression from the same industry before transaction begins. The engineering department also conducts an on-site interview, and the finance department will check to financial institutions for any abnormal dishonored check. The engineering department also establishes credit lines for each client, and updates the credit lines on a timely basis to reduce the transaction risk. The Group follows every uncollected receivable monthly. The administrative and the engineering department are responsible for gaining understandings about the overdue receivables and their anticipated date of collection, gaining understandings about clients' financial position, negotiations with the clients or demanding pledges or installment payment.

b. Investment

The credit risk exposure in the bank deposits, fixed income investments and open-end fund investments are measured and monitored by the Group's finance department. Since, the Group deals with banks and other external parties with good credit standing, the Group believes that there is no significant impact on credit risk.

c. Guarantee

The Group's policy stated that financial guarantee may be rendered to 100% shareholding subsidiaries and trading parties running construction business.

D. Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows.

E. Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a. Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the US Dollars (USD) and Chinese Yuan (CNY) as well.

(Continued)

b. Interest rate risk

The Group borrows funds on fixed and variable interest rates, which has risk exposure to changes in fair value and cash flow. Therefore, the Group manages the interest risk by maintaining the fixed and variable interest rates with a proper portfolio. The Group will assess the hedging activities for consistent interest rates within its risk preferences and use the most cost-effective hedging strategy on a regular basis.

(19) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate and provide a return on shareholder; also, to benefit other related parties, as well as to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group and other entities in the similar industry use the debt-to-equity ratio to manage capital. This ratio uses the total net debt to be divided by the total capital. The net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings and other equity plus net debt.

The Company's debt to capital ratios at the balance sheet date were as follows:

	December 31, 2014	December 31, 2013
Total liabilities	$ 4,217,522	4,106,697
Less: cash and cash equivalents	(1,141,445)	(1,456,226)
Net debt	$ 3,076,077	2,650,471
Total equity	2,584,173	2,898,585
Total capital	**$ 5,660,250**	**5,549,056**
Debt to capital ratio	**54.35%**	**47.76%**

The management believes that there were no changes in the Group's approach to capital management for the year ended December 31, 2014.

7. Related party transactions

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

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(2) Key management personnel compensation

	2014	2013
Short-term employee benefits	$ 40,547	51,982
Post-employment benefits	806	745
	$ 41,353	52,727

(3) Other related party transactions

A. Construction revenue and related assets and liabilities:

(a) Construction revenue, sales revenue, and accounts receivable

The amounts of significant sales transactions and outstanding receivables between the Group and related parties were as follows:

	Sales		Receivables from Related Parties	
	2014	2013	December 31, 2014	December 31, 2013
Associates	$ -	5,601	-	5,937

(b) Construction contracts receivable (payable)

Construction contracts receivable generated from the construction contract were as follows:

	Construction contracts receivable/payable	
	December 31, 2014	December 31, 2013
Construction contracts receivable (payable)	$ -	15,284

Receivable and collection terms for the construction contracts with related parties are determined by the market mechanism and present no significant difference from those with third-party customers.

B. Construction cost, and related assets and liabilities:

The amounts of significant purchase transactions and outstanding payables for goods and equipments between the Group and related parties were as follows:

	Purchases		Payables to Related Parties	
	2014	2013	December 31, 2014	December 31, 2013
Entity under the key management's control	$ 1,197	1,635	218	424
Associates	-	48,974	-	5,758
	$ 1,197	50,609	218	6,182

(Continued)

The purchase price and terms of the payments present no significant difference from those with third-party vendors.

C. Rental revenue

The Group had an office lease contract with the associates. The rental revenue is in accordance with the market price and the square meters used. The rental revenue were $649 for the years ended December 31, 2013.

D. Others

As of December 31, 2013, the Company, on behalf of associates, had paid $10,894, and they were recorded as other receivables from related parties.

E. Sheng Huei (Suzhou) Engineering Co., Ltd. prepaid the proceeds of capital increase amounting to $17,685 to SCEC (Shanghai) in December, 2013.

8. Pledged assets

The Group's pledged assets were as follows:

Asset	Purpose of pledge	December 31, 2014	December 31, 2013
Other financial assets－current:			
Savings deposit / time deposit	Construction contract fulfillment and warranty guarantee	$ 96,381	36,034
Land and building (including investment property)	Short-term borrowing limit	-	112,172
		$ 96,381	148,206

9. Significant commitments and contingencies

Significant commitments and contingencies for the Group as of December 31, 2014, and 2013 were as follows:

(1) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $474,758 and $434,273, respectively.

(2) Bank pledges for engaging in construction contracts amounted to $548,497 and $296,585, respectively.

(3) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for other companies in the same industry amounted to $1,601,901 and $977,769, respectively.

(4) Outstanding letters of credit were $12,325 and $5,720, respectively.

(Continued)

(5) For already-signed but not-yet-finished significant construction contracts, please refer to note 6 (4).

(6) The Company has signed a construction contract with Walsin Technology Corporation (Walsin) in December, 2010. Walsin claimed that the Company did not perform the construction according to the contract, and therefore claimed a compensation amounting to $42,189 at the Taipei District Court during November, 2012, while the Company presumed that the payment obligation did not exist. The Company has appointed an attorney to handle the above dispute. Court proceedings had begun as of the issuance date of the financial statements, and therefore, the court's decision is still unknown.

10. **Losses due to major disasters: None.**

11. **Subsequent events:**

The Company's annual shareholders' meeting approved the issuance of restricted stock to employees, with a total shares amounting to 1,200,000, and issued by batch. The first batch amounting to 480,000 shares has been issued and its total value amounted to $4,800 at December 31, 2014, with a par value $10, approbated by the Financial Supervisory Commission, effective on January 12, 2015. The record date of issuance of restricted stock to employees resolved by the board of directors was January 26, 2015.

12. **Other**

A. The employee benefits, depreciation and amortization expenses categorized by function were as follows:

	2014			2013		
By item	**Operating costs**	**Operating expense**	**Total**	**Operating costs**	**Operating expense**	**Total**
Employee benefit						
Salary	$ 435,651	233,169	668,820	430,165	224,304	654,469
Labor, health and social insurance	48,718	27,348	76,066	50,281	23,901	74,182
Pension	14,752	6,721	21,473	13,867	6,464	20,331
Other	15,188	16,891	32,079	12,213	15,440	27,653
Depreciation	3,219	20,933	24,152	2,415	16,541	18,956
Amortization	1	8,462	8,463	18	6,023	6,041

Note: Depreciation for investment property for the year ended December 31, 2014 and 2013was $337 and $345, respectively, and was recorded in non-operating expense.

B. The Group had contracted with the Wintek Corporation (Wintek) and its subsidiaries for clean room and facility constructions. As of December 31, 2014, the Group's accumulated accounts receivable and construction contracts receivable from Wintek and its subsidiaries amounted to $215,203. Wintek called a press conference of material information on October 13, 2014 for financial reorganization, and Wintek's board of directors had applied to district court for the company reorganization and emergent disposition. The Group had taken necessary legal procedures to secure the claims against the above incident. The Group had been recognized impairment loss of all accounts receivable and construction contracts receivable from Wintek and its subsidiaries.

(Continued)

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13. **Segment information**

(1) Segment information

The Group's operating segment information and reconciliation are as follows:

2014	**Taiwan**	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenue from external customers	$ 4,605,132	2,619,819	356,601	-	7,581,552
Intersegment revenues	222,155	21,925	14,698	(258,778)	-
Interest revenue	6,211	5,446	1,528	(2,647)	10,538
Total revenue	$ 4,833,498	2,647,190	372,827	(261,425)	7,592,090
Interest expense	(45)	(4,006)	(2,097)	2,648	(3,500)
Depreciation and amortization	(10,793)	(19,068)	(2,754)	-	(32,615)
Share of gain (loss) of associates accounted for using equity method	(98,086)	(10,999)	(211,125)	319,992	(218)
Reportable segment profit or loss	**289,129**	**(55,991)**	**(144,104)**	**-**	**89,034**
Asset:					
Investment accounted for using equity method	2,004,705	29,048	1,271,666	(3,304,012)	1,407
Capital expenditures of noncurrent assets	5,761	12,625	3,732	-	22,118
Reportable segment asset	**5,472,685**	**3,360,909**	**1,662,086**	**(3,609,780)**	**6,885,900**
Reportable segment liability	**2,108,737**	**2,034,654**	**385,220**	**(311,089)**	**4,217,522**

2013	**Taiwan**	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenue from external customers	$ 4,420,767	4,052,358	182,947	-	8,656,072
Intersegment revenues	167,911	81,933	50	(249,894)	-
Interest revenue	5,803	3,187	919	(1,362)	8,547
Total revenue	$ 4,594,481	4,137,478	183,916	(251,256)	8,664,619
Interest expense	(464)	(6,125)	(728)	1,362	(5,955)
Depreciation and amortization	(9,939)	(13,721)	(1,337)	-	(24,997)
Share of gain (loss) of associates accounted for using equity method	257,961	(1,720)	100,094	(352,132)	4,203
Reportable segment profit or loss	**341,402**	**127,069**	**(2,080)**	**-**	**466,391**
Asset:					
Investment accounted for using equity method	1,974,175	23,612	1,414,977	(3,406,267)	6,497
Capital expenditures of noncurrent assets	2,819	12,156	2,583	-	17,558
Reportable segment asset	**5,390,739**	**3,451,674**	**1,789,899**	**(3,627,030)**	**7,005,282**
Reportable segment liability	**1,944,114**	**2,168,524**	**214,831**	**(220,772)**	**4,106,697**

(Continued)

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(2) Overall information

A. Information about the products and services

Revenue from external customers was as follows:

		2014	2013
Electronic and mechanical construction services	$	1,410,044	1,286,868
Clean room construction		3,191,089	4,604,860
Gas and chemical supply system engineering		1,043,574	891,195
Others		1,936,845	1,873,149
	$	**7,581,552**	**8,656,072**

B. Geographical information

In presenting information on the basis of geography, segment revenue should be based on the geographical location of customers, and segment assets should be based on the geographical location of the assets.

i. Revenue from external customers:

Area		**2014**	**2013**
Taiwan	$	4,605,132	4,420,767
Mainland China		2,619,819	4,052,358
Other countries		356,601	182,947
	$	**7,581,552**	**8,656,072**

ii. Non-current assets:

Area		**December 31, 2014**		**December 31, 2013**
Taiwan	$	289,158	$	276,222
Mainland China		162,089		151,457
Other countries		5,916		4,593
	$	**457,163**	**$**	**432,272**

Non-current assets include property, plant and equipment, investment property, long-term prepaid rents and other non-current assets.