



Acter Co. Ltd.

2015 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System:

<http://mops.twse.com.tw>

2015 annual report is available at: <http://www.acter.com.tw>

Printed on April 6, 2016

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Overseas Securities Exchange : None.

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I. Letter to Shareholders

i. Preface

Dear Shareholders,

Thanks to the support and encouragement of shareholders, Acter had a fruitful and successful performance last year. This year, Acter is projected to capitalize on its "professionalism, speed, and flexibility," which are its three core advantages in facing the future together with the support of shareholders amid the challenges and changes in the economic environment. The business performance in the previous year as well as this year's operating prospects is detailed as follows:

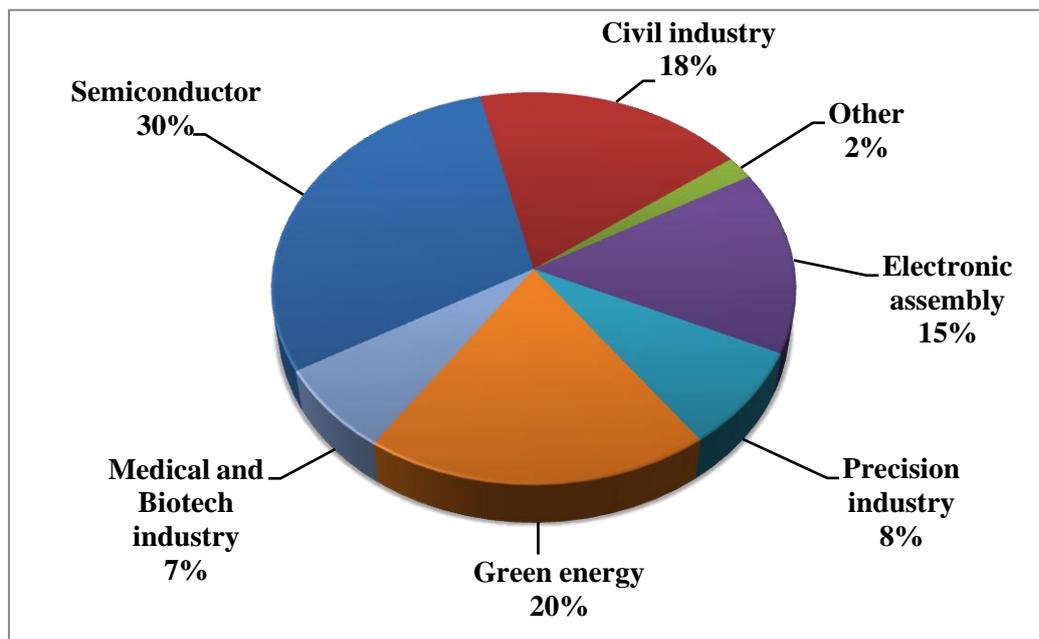
ii. 2015 Business Report

1. 2015 Business results

(1) Business plan implementation results

In 2015, despite the challenges of recession and decline in Taiwanese and Chinese markets, Acter still managed to achieve consolidated sales revenues of NTD 8,558 million, attaining 13% growth compared to last year, followed by the development of multi-market strategies. In terms of profitability, its net profit after tax reached NTD 416 million.

Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

Items	2015	%
Operating revenue	8,558,768	100
Operating cost	7,447,159	87
Gross profit	1,111,609	13
Operating expenses	633,335	7
Operating income	478,274	6
Non-Operating income and expenses	36,548	0
Income before income taxes	514,822	6

(2) State of budget implementation

This item is not applicable since Acter has not disclosed any financial forecasts.

(3) Financial structure and profitability

Items		2015	
Financial structure	Ratio of liabilities to assets (%)	62.57	
	Ratio of long-term capital to fixed assets (%)	822.07	
Solvency	Current ratio (%)	152.83	
	Quick ratio (%)	95.56	
Profitability	Return on total assets (%)	5.54	
	Return on stockholders' equity (%)	15.12	
	Ratio to issued capital (%)	Operating income	102.59
		Pre-tax income	110.43
	Profit ratio (%)	4.86	
	Earnings per share (\$)	9.02	

(4) Research and development

The department in charge of design, research, and development continued to develop different innovative techniques for different industries and projects taking advantage of value-added engineering in order to strengthen our competitive advantages. Descriptions are provided as follows:

A. Modular Design and Planning of Large Desalinators

Due to changes in climate and the environment, water shortages are occurring throughout the world. According to the predictions of the World Meteorological Organization, by 2050, 1 billion coastal and offshore residents will face water crisis. Our company started a partnership with a large overseas desalination engineering company and developed desalination technology at the lowest investment cost and unit price of water production.

B. Pre-fabrication Technique for Large Cement Tanks

The application of the prefabrication technique in large cement tanks was known for issues such as lengthy construction and susceptibility to leaks in the past. With the new prefabrication technique developed by our company in collaboration with overseas engineering companies, however, the duration of work can be shortened and it helps effectively address the issue of leakage, too.

C. Biotech Industry

The innovation, research, and development efforts in the implementation of biotech pharmaceutical projects were mainly reflected in the system impact assessment (SIA). Modern biotech pharmaceutical companies must comply with the PIC/S GMP requirements and GEP (Good Engineering Practice) is the cornerstone of PIC/S GMP while SIA is at the core of GEP.

The standard SIA operating procedure researched and developed by the Quality Control Department applies to projects during the design stage. Quality control engineers and system engineers apply the standard SIA

operating procedure while performing internationally approved assessments of all systems involved in biotech pharmaceutical projects comprehensively. By successfully implementing the standard SIA operating procedure, it helps set a clear goal while biotech pharmaceutical projects are being qualified, which not only saves the manpower and time needed for a project but also perfects the qualification logic for biotech pharmaceutical projects.

We will proactively establish the standard operating procedures for critical component assessments (CCAs) of air-conditioning, water purification, distillation, steam purification, compressed air, partition, power, firefighting, drainage, and automatic control systems in order to more effectively, economically, and completely fulfill the needs of biotech pharmaceutical projects.

D. Continued Developments in Respective Engineering Aspects

- a. Electrical and mechanical engineering: Taking advantage of night-time off-peak hours to run the refrigerant compressor and produce ice. When the compressor is running and the brine water temperature is below 0°C, water inside the tank and container will experience phase changes and freeze in order to store lots of latent heat. The stored ice will then melt to release cold energy during the day when power utilization reaches the peak to satisfy the air-conditioning load demand and accomplish the goal of reducing the uptime of the compressor. By shifting air-conditioning power consumption from peak hours to off-peak ones, it successfully transfers peak air-conditioning load during the day and reduce electricity bills accordingly.
- b. Special engineering: Taking advantage of air pressure differences between outdoors and indoors; the surrounding outdoor air will only flow toward the negative pressure area indoors because of the characteristic that air is flowing from a high pressure area to a lower one. Negative pressure is an important protection mechanism that blocks an area from an outside environment; it is often used as a means to control air dispersion as it helps ensure that air flows toward an anticipated direction. ACTER successfully applied the negative pressure technology to help hospitals configure isolated negative-pressure patient wards.
- c. Bio-tech engineering: PIC/S GMP standards have more rigid requirements for clean rooms configured in pharmaceutical manufacturing facilities; they differ from existing cGMP standards in Taiwan the most in facilities and operations that help prevent against cross contamination.
- d. Clean room engineering: ACTER helps businesses complete clean room engineering by controlling the temperature, humidity, airflow, air pressure, and particles of indoor air along with indoor illumination and dust-free building materials.

- e. Ultra-high building engineering: Taking advantage of separation through the turn layer to successfully reduce the pressure resistance level of pipeline, increase operation stability and security, and significantly cut the overall engineering cost.
- f. Livelihood engineering: Using air-conditioning waste heat and heat source from outdoor air as the hot water usage in life and achieving the reduction of equipment by eliminating the boiler system. In addition to assisting companies in reducing the equipment costs, it can also reduce fuel usage and lower CO2 emissions.
- g. Manufacturing process engineering: It is merging cold source supply system through deeply understanding the manufacturing process system to effectively elevate the system utilization rate.

2. Summary of business plan for 2016

(1) Business strategy

This year, Acter has set up its growth goals for various divisions and subsidiaries and implemented action plans for each unit. It also implemented the following business policies:

- A. Improve the functions of the headquarters, strengthen governance in subsidiaries and enhance enterprise culture
- B. Conduct thorough development of primary business, continuous diversification and versatility
- C. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, and improve investment efficiency
- D. Cooperate with international partners and continuously expand the scope of its professional service in biological, pharmaceutical and medical industries, and broaden its market share in the biotechnology industry
- E. Combine the professional manufacturing processes of gas and chemical supply systems in the treatment of liquid waste and solvent waste to create a new generation engineering integration technology and Earth-friendly technology

(2) Expected sales volume and basis for estimates

Acter is a professional manufacturer that applies system integration. For 30 years, it has provided services which cover cleanrooms, air conditioning, electrical machinery, chemical engineering as well as control and instrument, equipment installation, etc., with the support of its strong and reliable multi-disciplinary and elite engineering team. Aside from its strength and advantage, Acter aims to keep pace with the request of customers. It caters to the needs of clients through constant communication and by establishing brand value and competitive advantage via innovative technology and high quality services.

In addition to serving its existing customers, Acter is aggressively expanding its domestic and overseas markets by identifying new industries and new customers, and satisfying the demand for a cross-disciplinary project service with integration system. As for internal operations, managing the company's integral resources is vital in providing the best and efficient solutions for customers.

3. Future development strategies

The company is deeply committed to every project which represents and embodies Acter. It has been a long time since the company focused on the improvement and development of engineering technology. Currently, it has become a diversified engineering technology company through horizontal integration and continuous development. The content of service and professional engineering method were improved to keep pace with progress. It has continued to expand its service stations given the increasing demand of customers. In order to approach its customers and provide real-time service, Acter service stations are situated all over Taiwan, Mainland China and Southeast Asia. In the future, it aims to continuously offer the best solutions and service to its customers. The company's future development strategies include:

- (1) Focus on its core technology and initiate projects that offer professional advantages
- (2) Gain foothold in Chinese and Southeast Asian markets while expanding its vision to include international markets
- (3) Develop an environmental, energy-saving, and green system in fulfillment of its duty as a global citizen
- (4) Integrate a diversified technology and pursue an innovative engineering method that expands versatile application of its core competence

4. Major production and sales policies

Acter provides rapid and flexible integration of services specializing in engineering and technology. It is a comprehensive turnkey service company that handles design and planning, construction, engineering supervision, maintenance after completion and transfer. Acter applies multi-sector, multi-job, and multi-talent strategies that enables it to provide a professional and holistic factory planning approach for customers through its knowledge and capabilities. Acter services offer horizontal integration and sustainable intensification of industry value-chain across various technologies that impact people's livelihood, biotechnology and the medical field as well as the photovoltaic industry, semiconductor industry, biotechnology industry, energy industry, energy engineering, railway stations, high-end housing, hotels, electromechanical solutions for air conditioning systems, biopharmaceutical, medical institutes, etc.

With respect to its manufacturing-retail policy, the company shall utilize its advantage, while considering the needs of its customers in order to maintain existing clients, acquire new ones, and enter new industries. It also aims to meet environmental requirements through energy saving and carbon reduction measures in the

biopharmaceutical industry and other businesses in order to maintain business volume and achieve stable growth and profit. With regard to engineering, the company shall continuously improve and manage all kinds of projects in order to create value and provide comprehensive solutions for its customers. As for financial considerations, it shall apply proper financial risk control strategies in handling customers and accelerate the collection rate of accounts receivable.

5. Effect of the external competitive environment, legal and regulatory environment, and overall business environment

Due to economic recession and challenges of the macro environment in recent years, the company has encountered drastic competition in the market. As a result, there was price competition in the engineering industry which includes electricity and machine rooms and cleanrooms. In some cases, profitability declined due to lower prices from competitors. In addition, large-scale construction suppliers offered turnkey solutions that enabled them to gain control of the electricity and machine engineering market, which led to greater competition in the electricity, machine and cleanroom engineering industry. Acter is committed to creating valuable projects and reduces the financial burden of its clients through innovative technologies and special engineering methods. In addition, it reduces overhead expense and engineering construction risks. It also forms a stable and cooperative relationship with suppliers for effective cost control and improvement of price competition in construction engineering.

As far as the regulatory environment is concerned, the company periodically reviews changes made to laws and regulations to ensure compliance with requirements of the competent authority and adheres to its belief of legitimate management. Generally speaking, changes to the regulatory environment will not have a major impact on the company.

In the business environment, a weak growth momentum is expected to continue in 2016 based on the estimated growth rate of 3.1% in 2015. This is according to the IMF's global economic outlook. The global economy is expected to have a growth rate of 3.4%. It is also estimated to slip to 6.3 % with the decline in the 2016 economic growth rate of China and Southeast Asia at 4.8%. Acter will continuously focus on cross-strait and international economic issues while maintaining its professional capabilities and actively expanding its domestic and overseas markets in search of new clients in order to achieve stable growth and development.

6. Corporate Social Responsibility

As a social entrepreneur, the company is dedicated to managing and promoting its corporate culture. It initiates industry-university cooperative research projects to cultivate young talents and provide opportunities for students. It also introduces a mentoring program that trains newcomers in the academe, creating opportunities for growth. The company also utilizes professional and core skills to design projects that help conserve energy. It uses high-efficiency equipment for the benefit of its clients. It also participates in socially relevant activities such as emergency support and campaign

to encourage reading which can benefit society and the community while enabling the company to achieve sustainable development.

As Acter promotes engineering safety in accordance with government regulations, every project adheres to standard operating procedures. The company requires its working partner to conform to Acter standards to ensure safety management and zero accident at the construction site. It holds daily toolbox meetings before work begins and strictly implements security measures at the construction site. It conducts random inspection of safety equipment and practices to ensure smooth and safe completion of projects.

This year, Acter expects to capitalize on its capabilities to steadily promote its competitiveness and advantage. It deeply appreciates the support of shareholders. Together with its committed and dedicated staff, Acter hopes to create greater value for the entire organization and its shareholders.

Sincerely yours,

Chairman: Liang, Chin-Li

General Manager: Hsu, Chung-Cheng

Accounting Supervisor : Tsao, Yun-Han

II. Company Profile

i. **Date of Incorporation:** February 19, 1979

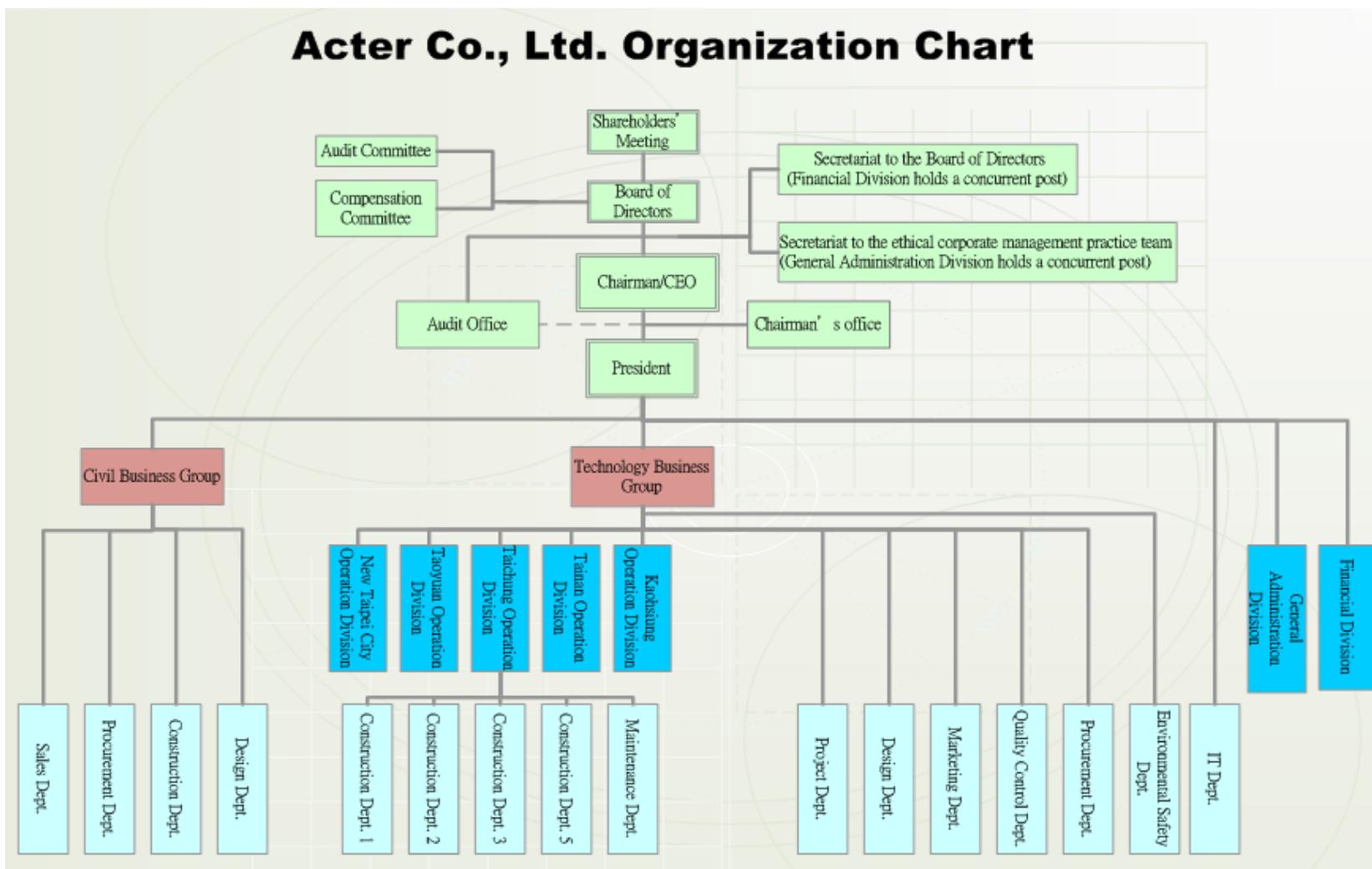
ii. Company History

Year	Milestones
1979	1. Acter Co., Ltd. was established on Taiyuan North Road, Taichung City, Taiwan with a paid-in capital of NT\$ 10 million.
1992	1. Increased paid-in capital to NT\$20 million.
1993	1. Increased paid-in capital to NT\$50 million.
1999	1. Received ISO 9001 certification.
2002	1. Changed to the shareholding system. 2. Increased paid-in capital to NT\$100 million. 3. A branch office in Kaohsiung was established.
2003	1. Sheng Huei Engineering (Suzhou) Co., Ltd was established in Suzhou, China. 2. The office was moved to Zhongming S. Rd., Taichung City, Taiwan.
2004	1. Increased paid-in capital to NT\$200 million. 2. Acquired Her Suo Engineering Co., LTD.
2005	1. Sheng Huei (Shenzhen) Engineering Co., Ltd was established in Shenzhen, China. 2. Increased paid-in capital to NT\$230 million.
2006	1. Increased paid-in capital to NT\$260 million. 2. A branch office in Taipei was established. 3. Acter Trading Co., Ltd was established.
2008	1. Increased authorized capital to NT\$720 million.(Paid-in Capital was NT\$260 million) 2. Acquired Sheng Huei Engineering Technology Co., Ltd (Vietnam). 3. Suzhou Ding-Mao Engineering Co., Ltd. and Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd were established.
2009	1. Acquired Nova Technology Corp.by issuing 6,655,065 shares. 2. Increased paid-in capital to NT\$351,550,650. 3. The application for initial public offering was approved by FSC. 4. The application for the GTSM registration and trading was approved by Gre Tai Securities Market. 5. Acquired Nova Technology Singapore Pte., Ltd.
2010	1. Increased paid-in capital to NT\$415,358,190. 2. Listed on Gre Tai Securities Market(Code-5536).
2011	1. Jointly invested SCEC International (HK) Company, Limited with Sumitomo Chemical Engineering Singapore Pte. Ltd. and indirectly invested SCEC(Shanghai) CORP. 2. Increased paid-in capital to NT\$461,358,190. 3. Sheng Huei (Suzhou) Engineering Co., Ltd. increased capital of US\$3 million.
2012	1. Nova Technology Malaysia Sdn. Bhd. and Shenzhen Dingmao Trade Co., Ltd. were established.
2013	1. SCEC (Suzhou) Corp. and Pt.Novamex Indonesia were established. 2. Suzhou Ding-Mao Engineering Co., Ltd. and Acter Trading Co., Ltd were liquidated.
2014	1. Increased holding of SCEC(Shanghai) CORP. and it becomes the subsidiary of the company since 2014. 2. Enrich Tech Co., Ltd, Winmega Technology CORP. and Acter Engineering Co., Ltd. were established. 3. Invested Global One Source Life Sciences CO. LTD.
2015	1. Issued 480,000 shares of New Restricted Employee shares and increased paid-in capital to NT\$466,158,190.
2016	1. Issued 720,000 shares of New Restricted Employee shares and increased paid-in capital to NT\$473,358,190.

III. Corporate Governance Report

i. Organization

1. Organization Chart



2. Major Corporate Functions

Department	Functions
Chairman's Office	<ol style="list-style-type: none"> 1. Analyzes the overall business environment in order to propose changes to the business strategy, organization, operations and the various functions of the company. Implements and improves robust management practices. 2. Integration of Group Business and Market Development. 3. Risk management. 4. Legal affairs management. 5. Evaluation and analysis of establishment of new businesses. 6. Plans, co-ordinates and executes assigned projects. 7. Budget control.
Audit Office	<ol style="list-style-type: none"> 1. Conducts inspection and evaluates internal controls within various departments. 2. Assists subsidiaries with internal audit tasks. 3. Evaluates the robustness of internal control systems and related policies. Determines whether the internal control systems continue to be effective, and assesses the progress made by each department, while offering suggestions to improve the company's operations.
Civil Business Group	<ol style="list-style-type: none"> 1. Develops construction services and equipment related to living spaces
Civil Business Group Construction Dept.	<ol style="list-style-type: none"> 1. Provides construction services needed for the creation of domestic living spaces, from planning, design, work supervision, to turnkey solutions. 2. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO 9000 quality management system. 3. Responsible for the development and auditing of a Work Safety and Environmental Protection Center, and ongoing improvements to the ISO14001/OHSAS18001 system.
Civil Business Group Sales Dept.	<ol style="list-style-type: none"> 1. Responsible for marketing, customer development, and business promotion in relation to the construction of domestic living spaces. 2. Creates and maintains customer data. 3. Resolves customer complaints. 4. Develops and distributes construction facilities.
Civil Business Group Design Dept.	<ol style="list-style-type: none"> 1. Develops engineering methods. 2. Designs, plans, and produces charts on the piping, wiring, and air conditioning of domestic living spaces, and designs electromechanical engineering projects.
Civil Business Group Procurement Dept.	<ol style="list-style-type: none"> 1. Responsible for the purchasing and warehousing of materials, equipment and tools for the Civil Business Group. 2. Develops a robust supplier system that facilitates order tracking and strategic purchases.
Technology Business Group	<ol style="list-style-type: none"> 1. Provides construction services equipment related to the technology industries.
Technology Business Group New Taipei City, Taoyuan, Taichung, Tainan and Kaohsiung Operation Division	<ol style="list-style-type: none"> 1. Constructs cleanrooms for local high-tech industry; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions. 2. Constructs cleanrooms for local biotech industry; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions. 3. Implementation of a GMP document management system.
Technology Business Group Quality Control Dept.	<ol style="list-style-type: none"> 1. Responsible for the development and auditing of a Quality Center, and ongoing improvements to the ISO 9000 quality management system.
Technology Business Group Marketing Dept.	<ol style="list-style-type: none"> 1. Responsible for marketing, customer development, and business promotion of local industry construction projects.

Department	Functions
	<ol style="list-style-type: none"> 2. Creates and maintains customer data. 3. Resolves customer complaints. 4. Develops and distributes construction facilities.
Technology Business Group Maintenance Dept.	<ol style="list-style-type: none"> 1. Maintains and services air-conditioning units. 2. Performs maintenance, inspection and repair services for customers.
Technology Business Group Procurement Dept.	<ol style="list-style-type: none"> 1. Responsible for the purchasing and warehousing of materials, equipment, and tools related to the Technology Business Group. Develops a robust supplier system that facilitates order tracking and strategic purchasing. 2. Handles processes such as import, export, and bonded warehouses.
Technology Business Group Design Dept. ∙ Project Dept.	<ol style="list-style-type: none"> 1. Develops engineering methods. 2. Designs, plans, and produces charts on the layout of industrial cleanrooms, and designs electromechanical engineering projects.
IT Dept.	<ol style="list-style-type: none"> 1. Development and management of information systems and networks. 2. Responsible for the development, maintenance and security management of various information systems and databases. 3. Software access control and maintenance.
Environmental Safety Dept.	<ol style="list-style-type: none"> 1. Enhances employees' safety and health within the company; implements an OHSAS 18001-compliant occupational health and safety system. 2. Improves environmental management within the company; implements an ISO 14001-compliant environmental management system.
Financial Division	<ol style="list-style-type: none"> 1. Board Secretary. 2. Investor Relationship. 3. Bookkeeping, cost analysis, financial statement analysis. 4. Supervision and management of subsidiary's financial matters. 5. Management of the activities for acquiring or disposing of assets, engaging in derivatives transactions, extending loans to others and granting endorsements or guarantees for others. 6. Supervision and management of subsidiary's processes for making changes in accounting policies and estimates. 7. Financial analysis and planning. 8. Funding. 9. Customer credit assessment. 10. Regulatory reporting, announcements and share administration.
General Administration Division	<ol style="list-style-type: none"> 1. Subsidiary management. 2. Human resources management. 3. Employee training management and planning. 4. Document management. 5. Administrative work for construction projects. 6. General affairs.

ii. Directors, Supervisors and Management Team

1. Directors and Supervisors

April 2, 2016

Title	Nationality / Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	Taiwan	Liang, Chin-Li	May 28, 2015	3	Dec. 30, 2005	1,670,688	3.58	1,670,688	3.53	38,990	0.08	0	0.00	<ul style="list-style-type: none"> • EMBA, National Chiao Tung University • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech • Manager, Engineering Department, Gongshan Air-conditioning and Refrigerating Co., Ltd. 	<ul style="list-style-type: none"> • CEO, Acter Co., Ltd. • Chairman, Her Suo Eng., Co., Ltd. • Chairman, Nova Technology Corp. • Chairman, Sheng Huei (Suzhou) Engineering., Co., Ltd. • Chairman, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. • Director, Sheng Huei (Shenzhen) Engineering., Co., Ltd. • Director, Shenzhen Dingmao Trade Co., Ltd. • Legal Representative, Sheng Huei International Co., Ltd. • Legal Representative, Acter International Limited • Legal Representative, New Point Group Limited • Director, Nova Technology Singapore Pte., Ltd. • Director, Nova Technology Malaysia Sdn. Bhd. • Director, SCEC (Shanghai) Corp. 	None	None	None

Title	Nationality / Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															<ul style="list-style-type: none"> • Supervisor, Winmax Technology Corp. • Director, SCEC (Suzhou) Corp. • Chairman, Enrich Tech Co., Ltd. • Chairman, Winmega Technology Corp. • Director, Acter Engineering Co., Ltd. 			
Director	Taiwan	Yang, Jung-Tang	May 28, 2015	3	Feb. 19, 1979	884,660	1.90	884,495	1.87	0	0.00	0	0.00	<ul style="list-style-type: none"> • EMBA, Tunghai University • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech 	<ul style="list-style-type: none"> • Supervisor, Nova Technology Corp. • Chairman, Xiang-Hui Development Co., Ltd. • Chairman, Johnwell Co., Ltd. • Director, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. • Director, Sheng Huei International Co., Ltd. • Director, Acter International Limited • Director, New Point Group Limited • Director, Nova Technology Malaysia Sdn. Bhd. • Director, Season Arts Education Foundation. • Supervisor, SUZUKA CHEMICAL CO.,LTD. 	None	None	None
Director	Taiwan	Kao, Hsin-Ming	May 28, 2015	3	June 16, 2009	1,240,662	2.66	1,240,662	2.62	0	0.00	0	0.00	<ul style="list-style-type: none"> • EMBA-International Business Management, National Taiwan 	<ul style="list-style-type: none"> • CEO and Chairman, Marketech International Corp. 	None	None	None

Title	Nationality / Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														<ul style="list-style-type: none"> • University Section Manager, Electronics Research & Service Organization (ERSO) 	<ul style="list-style-type: none"> • Chairman, Macrotec Technology Corp. • Chairman, Chi Hsuan Investments Corp. • Chairman, Hua Hsuan Technology Corp. • Director, WT Microelectronics Co., Ltd. • Supervisor, Probeleader Co., Ltd. 			
Director	Taiwan	Hu, Tai-Tsen	May 28, 2015	3	June 16, 2009	1,101,401	2.36	1,101,401	2.33	5,156	0.01	0	0.00	<ul style="list-style-type: none"> • EMBA, Tunghai University • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech • Honorary Member, The Phi Tau Phi Scholastic Honor Society of the Republic of China • Lecturer, Department of Electrical Engineering, National Chin-Yi University of Technology • Executive Director, Taiwan Refrigerator and Air-Conditioning Association of Republic of China • Jury for Technical Examination of Refrigeration and Air Conditioning Repair Technician by the Ministry of Internal Affairs 	<ul style="list-style-type: none"> • Consultant, Acter Co., Ltd. • Director, Sheng Huei International Co., Ltd. • Director, Acter International Limited • Director, New Point Group Limited • Director, Lishan Hotel Corporation 	None	None	None

Title	Nationality / Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director (Note1)	Taiwan	Yeh, Hui-Hsin	May 28, 2015	3	May 11, 2010	3,000	0.01	3,000	0.01	0	0.00	0	0.00	<ul style="list-style-type: none"> • Bachelor Degree in Accounting, Tunghai University • Partner CPA, Ernst & Young Global Limited 	<ul style="list-style-type: none"> • Representative, Wei Chin CPAs & Co. • Independent Director, Partner Tech. Corp. • Independent Supervisor, Hyweb Technology Co., Ltd. 	None	None	None
Independent Director (Note2)	Taiwan	Yang, Qian	May 28, 2015	3	May 28, 2015	0	0.00	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> • Doctor of Computer Science, Washington University, USA • Master of Computer Science, Georgia Institute of Technology, USA • Master of Management Science, National Chiao Tung University • Bachelor of Electronics Engineering, National Chiao Tung University • Professor and Dean, Institute of Business and Management, National Chiao Tung University • Professor and Acting Dean, Institute of Business and Management, National Chiao Tung University • Professor and EMBA Chief Executive Officer, Institute of Business and Management, National Chiao Tung University • Consultant, Chairman Office, Hon Hai Precision Inc. Co., Ltd. 	<ul style="list-style-type: none"> • Adjunct Professor, Institute of Business and Management, National Chiao Tung University • Member, Employee Complaint Deliberation Committee, Industrial Technology Research Institute • Director, Hermes Microvision, Inc. • Supervisor, Chia Chang Co., Ltd. • Independent Director, ASPEED Technology Inc. • Independent Director, BestCom Infotech Corp. • Independent Director, Penpower Technology LTD. 	None	None	None

Title	Nationality / Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														<ul style="list-style-type: none"> • Member, Endowment Fund Committee, National Chiao Tung University • Member, Operation Fund Committee, National Chiao Tung University • Judicial Yuan Member, Personnel Review Committee 				
Independent Director (Note2)	Taiwan	Wang, Mao-Rong	May 28, 2015	3	May 28, 2015	5,000	0.01	8,000	0.02	10,000	0.02	0	0.00	<ul style="list-style-type: none"> • Master, Institute of Management of Technology, National Chiao Tung University • Refrigerating Air-conditioning Division, College of Mechanical & Electrical Engineering, National Taipei University of Technology • Taishan Training Center Refrigerating Air-conditioning and Electrical/Mechanical Lecturer, Vice Career Trainer • Industrial Technology Research Institute Laboratory Director, Vice Section Head, and Promotion Manager • Great United Technicians Firm, Person in Charge • Energy-saving Department, Delta Electronics, Inc. Senior Manager 	<ul style="list-style-type: none"> • Person in Charge, MJ Energy Master • Director, J-POWER SYSTEM ENGINEERING CO., LTD. • Director, Compresses Air Energy Saving Co., Ltd. 	None	None	None

Title	Nationality / Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														<ul style="list-style-type: none"> • Consultant, TAIRONE Energy Saving Technology Co., Ltd. 				
Director (Note4)	Taiwan	Hsu, Chung-Cheng	June 18, 2012	3	June 16, 2009	247,286	0.54	247,286	0.52	0	0.00	0	0.00	<ul style="list-style-type: none"> • EMBA-International Business Management, National Taiwan University • Department of Chemical Engineering, National Taiwan University • Vice President, President Office, Kuangchu Technology Co. 	<ul style="list-style-type: none"> • President, Acter Co., Ltd. • Chairman and President, Winmax Technology Corp. • Chairman, SCEC (Suzhou) Corp. • Director and President, Nova Technology Corp. • Director, Sheng Huei (Shenzhen) Engineering Co., Ltd. • Director, Nova Technology Singapore Pte., Ltd. • Director, Nova Technology Malaysia Sdn. Bhd. • Director, Pt. Novamex Indonesia • Chairman, SCEC (Shanghai) Corp. • Supervisor, Sheng Huei (Suzhou) Engineering Co., Ltd. • Supervisor, Shenzhen Dingmao Trade Co., Ltd. • Director, Enrich Tech Co., Ltd. • Director, Winmega Technology Corp. • Director, Acter Engineering Co., Ltd. 	None	None	None
Independent Director	Taiwan	Chao, Rong-Shiang	June 18, 2012	3	Nov. 04, 2009	0	0.00	0	0.00	3,000	0.01	0	0.00	<ul style="list-style-type: none"> • EMBA - Business Administration, National Taiwan University 	<ul style="list-style-type: none"> • Vice President and Spokesperson, Formosa Sumco Technology Corp. 	None	None	None

Title	Nationality / Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
(Note3)														<ul style="list-style-type: none"> • Director of President Office and Spokesperson, Formosa Plastics Corporation 				
Independent Director (Note3)	Taiwan	Wang, Pai-Lu	June 18, 2012	3	Nov. 04, 2009	0	0.00	0	0.00	3,000	0.01	0	0.00	<ul style="list-style-type: none"> • Department of Industrial Management, National Taiwan University of Science and Technology • President, InfoTimes(ChinaTimes Group) • Director, Acer Group (The 3rd Cultural Enterprise) • Evaluation Member, Ministry of Education-University/College • Member of Consulting Committee, Government Websites of Research, Development and Evaluation Commission, Executive Yuan • Member of Consulting Committee, Overseas Community Affairs Council, Republic of China (Taiwan)-Huayu World • Consultant, Taiwan Chinese Alliance 	<ul style="list-style-type: none"> • Chair Adjunct Associate Professor, National Taiwan University of Science and Technology • Secretary General, TAITIP • Founder and Director, Best 3C • Northern Taiwan Industrial Member of National Taiwan University of Science and Technology • Director, Nan Chiang Industrial & Commercial Senior High School 	None	None	None
Supervisor (Note3)	Taiwan	Wu, Pi-Huei	June 18, 2012	3	Dec. 01, 2001	334,579	0.73	396,579	0.84	0	0.00	0	0.00	<ul style="list-style-type: none"> • Bachelor Degree in International Trade, Feng Chia University • President, Yu Wei Leather Corporation • Master of Business 	<ul style="list-style-type: none"> • Chairman, Denlie International Co., Ltd. • Chairman, Gold Pinnacle Investments Ltd. • Senior Advisor, Suzuka Composite Materials 	None	None	None

Title	Nationality / Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
														Administration, National Chung Hsing University • President, Suzuka Composite Materials (Shanghai) Limited	(Shanghai) Limited • Senior Advisor, Parex Group China			
Supervisor (Note3)	Taiwan	Winsite Co., Ltd.	June 18, 2014	3	June 18, 2014	580,491	1.26	409,491	0.87	0	0.00	0	0.00	• Accounting Director of Shinelly Trading Co., Ltd. • Accountant at the Allied Association for Pollution Prevention and Control Devices Industries of Taiwan	• Manager of Financial Division, Winsite Co., Ltd.	None	None	None
	Taiwan	Legal Representative : Shih, Tung				0	0.00	150,000	0.32	0	0.00	0	0.00					

Note1: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Independent Supervisor Yeh, Hui-Hsin was re-elected to be an Independent Director.

Note2: Independent Director Yang, Qian and Wang, Mao-Rong was newly elected on May 28, 2015.

Note3: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Those directors and supervisors were dismissed. Information about their experience (education) and other position is consistent with the 2014 annual report. Numbers of shareholding is according to the register of shareholders on April 2, 2016.

Note4: Although Director Hsu, Chung-Cheng was dismissed on May 28, 2015, information about him is still up-to-date since he is the president of our company.

2. Major shareholders of the institutional shareholders :

Name of institutional shareholders	Major shareholders of the institutional shareholders
Winsite Co., Ltd. (Note1)	Zeng, Jun-Wei(60.34%)、Chen, Wei-Yu(22.72%)、Wang, Yun-Cing(8.47%)、Wang, Yun-Chun(8.47%)

Note1: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. This supervisor was dismissed. Information mentioned above is consistent with the 2014 annual report.

3. Professional qualifications and independence analysis of directors and supervisors

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note1)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Liang, Chin-Li	None	✓	✓	None	None	None	✓	None	✓	✓	✓	✓	None	
Yang, Jung-Tang	None	✓	✓	None	None	None	None	None	None	✓	✓	✓	None	
Kao, Hsin-Ming	None	None	✓	✓	✓	None	✓	✓	✓	✓	✓	✓	None	
Hu, Tai-Tsen	None	✓	✓	None	None	None	✓	✓	✓	✓	✓	✓	None	
Yeh, Hui-Hsin (Note2)	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Yang, Qian (Note3)	✓	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Wang, Mao-Rong (Note3)	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	
Hsu, Chung-Cheng (Note4)	None	None	✓	None	None	✓	✓	✓	✓	✓	✓	✓	None	
Chao, Rong-Shiang (Note4)	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	
Wang, Pai-Lu (Note4)	✓	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	
Wu, Pi-Huei (Note4)	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	
Winsite Co., Ltd. Legal Representative : Shih, Tung (Note4)	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None	

Note1: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.

2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEX".
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

Note2: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Independent Supervisor Yeh, Hui-Hsin was re-elected to be an Independent Director.

Note3: Independent Director Yang, Qian and Wang, Mao-Rong was newly elected on May 28, 2015.

Note4: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Those directors and supervisors were dismissed.

4. Management Team

April 2, 2016

Title	Nationality/ Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	Taiwan	Liang, Chin-Li	June 15, 2011	1,670,688	3.53	38,990	0.08	0	0.00	<ul style="list-style-type: none"> • EMBA, National Chiao Tung University • Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech • Manager, Engineering Department, Gongshan Air-conditioning and Refrigerating Co., Ltd. 	<ul style="list-style-type: none"> • Chairman, Acter Co., Ltd. • Chairman, Her Suo Eng., Co., Ltd. • Chairman, Nova Technology Corp. • Chairman, Sheng Huei (Suzhou) Engineering., Co., Ltd. • Chairman, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. • Director, Sheng Huei (Shenzhen) Engineering., Co., Ltd. • Director, Shenzhen Dingmao Trade Co., Ltd. • Legal Representative, Sheng Huei International Co., Ltd. • Legal Representative, Acter International Limited • Legal Representative, New Point Group Limited • Director, Nova Technology Singapore Pte., Ltd. • Director, Nova Technology Malaysia Sdn. Bhd. • Director, SCEC (Shanghai) Corp. • Supervisor, Winmax Technology Corp. • Director, SCEC (Suzhou) Corp. • Chairman, Enrich Tech Co., Ltd. • Chairman, Winmega Technology Corp. • Director, Acter Engineering Co., Ltd. 	None	None	None
President	Taiwan	Hsu,	Feb. 01, 2010	247,286	0.52	0	0.00	0	0.00	<ul style="list-style-type: none"> • EMBA-International Business Management, National Taiwan 	<ul style="list-style-type: none"> • Chairman and President, Winmax Technology Corp. 	None	None	None

Title	Nationality/ Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
		Chung-Cheng								<ul style="list-style-type: none"> University Department of Chemical Engineering, National Taiwan University Vice President, President Office, Kuangchu Technology Co. 	<ul style="list-style-type: none"> Chairman, SCEC (Suzhou) Corp. Director and President, Nova Technology Corp. Director, Sheng Huei (Shenzhen) Engineering Co., Ltd. Director, Nova Technology Singapore Pte., Ltd. Director, Nova Technology Malaysia Sdn. Bhd. Director, Pt. Novamex Indonesia Chairman, SCEC (Shanghai) Corp. Supervisor, Sheng Huei (Suzhou) Engineering Co., Ltd. Supervisor, Shenzhen Dingmao Trade Co., Ltd. Director, Enrich Tech Co., Ltd. Director, Winmega Technology Corp. Director, Acter Engineering Co., Ltd. 			
Senior Vice President	Taiwan	Chang, Ching-Chuan	Jan. 17, 2008	101,000	0.21	0	0.00	0	0.00	<ul style="list-style-type: none"> Master Degree in High Technology Electrical and Mechanical Environmental Control, National Chin-Yi University of Technology Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech Section Manager, Gongshan Air-conditioning and Refrigerating Co., Ltd. Assistant Vice President, Chin Chan Air-conditioning Co., Ltd. 	<ul style="list-style-type: none"> Director, Sheng Huei Engineering Technology Co., Ltd. Supervisor, Sheng Huei (Shenzhen) Engineering Co., Ltd. Director, Enrich Tech Co., Ltd. Supervisor, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. Director, Her Suo Eng., Co., Ltd. 	None	None	None
Vice President	Taiwan	Lai, Ming-Kun (Note1)	Feb. 01, 2007	53,806	0.11	43,859	0.09	0	0.00	<ul style="list-style-type: none"> EMBA, National Taiwan University of Science and Technology Department of Electrical Engineering - Refrigerating and 	None	None	None	None

Title	Nationality/ Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
										Air-conditioning, Taipei Tech • Vice President, Hao-Han Chung-Hsiao Engineering Co., Ltd.				
Assistant Vice President	Taiwan	Li, Po-Sheng	Feb. 01, 2007	518,163	1.09	68,897	0.15		0 0.00	• Department of Refrigerating and Air-conditioning, Fu-Hwa Senior High School • Vice Section Manager, Gongshan Air-conditioning and Refrigerating Co., Ltd.	None	None	None	
Assistant Vice President	Taiwan	Wang, Chun-Sheng	Jan. 17, 2008	1,541	0.00	0	0.00		0 0.00	• Department of Electrical Engineering, Taipei Tech • Engineer, San-Chun Engineering Limited	None	None	None	
Assistant Vice President	Taiwan	Fan, Kuo-Ping	Jan. 07, 2011	28,856	0.06	332	0.00		0 0.00	• Department of Electrical Engineering, St. John's and St. Mary's Institute of Technology • Assistant Vice President, Tung Kai Technology Engineering Co., Ltd.	None	None	None	
Assistant Vice President	Taiwan	Cheng, Chieh-Chung	Nov. 01, 2013	0	0.00	0	0.00		0 0.00	• Master of Engineering Chemical, Stevens Institute of Technology • Manager, TSMC Solar Ltd.	None	None	None	
Assistant Vice President	Taiwan	Chang, Ri-Dong	Nov. 20, 2014	29,473	0.06	14,079	0.03		0 0.00	• Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech • Assistant Vice President, Chin Chan Air-conditioning Co., Ltd.	None	None	None	
Manager of Financial Division	Taiwan	Tsao, Yun-Han	Aug. 01, 2009	63,716	0.13	11,372	0.02		0 0.00	• Master Degree in Accounting and Information Technology, National Chung Cheng University • Audit Officer, Forhouse Corporation	• Supervisor, Enrich Tech Co., Ltd.	None	None	None

Note1: Assistant Vice President Lai, Ming-Kun was promoted to Vice President on Apr. 01, 2015.

Note2: The company didn't issue employee stock options.

iii. Remuneration of Directors, Supervisors, President, and Vice President

1. Remuneration of Directors

Unit: NT\$ thousand, Thousand Shares

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income(%)				Relevant remuneration received by directors who are also employees										Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)		Compensation paid to directors from an invested company other than the company's subsidiary	
		(A) (Note 2)		(B) (Note 2)		(C) (Note 2)		(D) (Note 2)						(E) (Note 2)		(F) (Note 2)		(G) (Note 2)				(H) (Note 2)					(I) (Note 2)
		The company	(Note 1)	The company	(Note 1)	The company	(Note 1)	The company	(Note 1)	The company	(Note 1)	Cash	Stock	Cash	Stock	The company	(Note 1)	The company	(Note 1)		The company						
Chairman	Liang, Chin-Li	0	0	0	0	5,535	5,535	96	121	1.35	1.36	4,444	4,804	0	0	1,500	0	1,500	0	0	0	0	135	135	2.78	2.87	None
Director	Yang, Jung-Tang	0	0	0	0	3,690	3,690	96	106	0.91	0.91	575	575	0	0	0	0	0	0	0	0	0	0	0	1.05	1.05	None
Director	Kao, Hsin-Ming	0	0	0	0	3,690	3,690	72	72	0.90	0.90	0	0	0	0	0	0	0	0	0	0	0	0	0	0.90	0.90	None
Director	Hu, Tai-Tsen	0	0	0	0	3,690	3,690	96	96	0.91	0.91	505	505	0	0	0	0	0	0	0	0	0	0	0	1.03	1.03	None
Independent Director	Yeh, Hui-Hsin (Note4)	350	350	0	0	0	0	54	54	0.10	0.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0.10	0.10	None
Independent Director	Yang, Qian (Note5)	350	350	0	0	0	0	54	54	0.10	0.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0.10	0.10	None
Independent Director	Wang, Mao-Rong (Note5)	350	350	0	0	0	0	54	54	0.10	0.10	0	0	0	0	0	0	0	0	0	0	0	0	0	0.10	0.10	None
Director	Hsu, Chung-Cheng (Note6)	0	0	0	0	1,537	1,537	48	58	0.38	0.38	2,458	7,799	0	0	800	0	2,244	0	0	0	70	70	1.16	2.79	None	
Independent Director	Chao, Rong-Shiang (Note6)	250	250	0	0	0	0	36	36	0.07	0.07	0	0	0	0	0	0	0	0	0	0	0	0	0	0.07	0.07	None
Independent Director	Wang, Pai-Lu (Note6)	325	325	0	0	0	0	48	48	0.09	0.09	0	0	0	0	0	0	0	0	0	0	0	0	0	0.09	0.09	None

Note1: Refers to all companies in the consolidated financial statements

Note2: (A)Base Compensation (B)Severance Pay (C)Compensation to Directors (D)Allowances (E)Salary, Bonuses, and Allowances (F)Severance Pay (G)Employee Compensation (H)Exercisable Employee Stock Options (I)New Restricted Employee Stock.

Note3: Board of directors resolved on Feb. 25, 2016 that the appropriated directors' and supervisors' remuneration were NT\$ 21,216,387.

Note4: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Independent Supervisor Yeh, Hui-Hsin was re-elected to be an Independent Director.

Note5: Independent Director Yang, Qian and Wang, Mao-Rong was newly elected on May 28, 2015.

Note6: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Those directors were dismissed.

2. Remuneration of Supervisors

Unit: NT\$ thousand

Title	Name	Remuneration						Ratio of total remuneration (A+B+C) to net income (%)		Compensation paid to supervisors from an invested company other than the company's subsidiary
		Base Compensation(A)		Compensation to Supervisors(B)		Allowances(C)		The company	Companies in the consolidated financial statements	
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements			
Supervisor	Wu, Pi-Huei (Note1)	0	0	1,537	1,537	60	60	0.38	0.38	None
Independent Supervisor	Yeh, Hui-Hsin (Note2)	250	250	0	0	48	48	0.07	0.07	None
Supervisor	Winsite Co., Ltd. Legal Representative : Shih, Tung (Note1)	0	0	1,537	1,537	24	24	0.37	0.37	None

Note1: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Those supervisors were dismissed.

Note2: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Independent Supervisor Yeh, Hui-Hsin was re-elected to be an Independent Director.

Note3: Board of directors resolved on Feb. 25, 2016 that the appropriated directors' and supervisors' remuneration were NT\$ 21,216,387.

3. Compensation of President and Vice President

Unit: NT\$ thousand, Thousand Shares

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income(%)		Exercisable Employee Stock Options		Exercisable New Restricted Employee Stock		Compensation paid to the president and vice president from an invested company other than the company's subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
								Cash	Stock									
CEO	Liang, Chin-Li																	
President	Hsu, Chung-Cheng																	
Senior Vice President	Chang, Ching-Chuan	9,220	13,546	0	0	6,512	7,894	5,800	0	7,244	0	5.17	6.89	0	0	432	432	None
Vice President	Lai, Ming-Kun (Note1)																	

Note1: Assistant Vice President Lai, Ming-Kun was promoted to Vice President on Apr. 01, 2015.

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT\$ 2,000,000	None	None
NT\$2,000,000 ~ NT\$5,000,000	Hsu, Chung-Cheng, Lai, Ming-Kun	Lai, Ming-Kun
NT\$5,000,000 ~ NT\$10,000,000	Liang, Chin-Li, Chang, Ching-Chuan	Liang, Chin-Li, Chang, Ching-Chuan
NT\$10,000,000 ~ NT\$15,000,000	None	Hsu, Chung-Cheng
NT\$15,000,000 ~ NT\$30,000,000	None	None
NT\$30,000,000 ~ NT\$50,000,000	None	None
NT\$50,000,000 ~ NT\$100,000,000	None	None
Over NT\$100,000,000	None	None
Total	4	4

4. Employee Compensation Granted to Management Team

Unit: NT\$ thousand

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	CEO	Liang, Chin-Li	0	7,637	7,367	1.8%
	President	Hsu, Chung-Cheng				
	Senior Vice President	Chang, Ching-Chuan				
	Vice President	Lai, Ming-Kun				
	Assistant Vice President	Li, Po-Sheng				
	Assistant Vice President	Wang, Chun-Sheng				
	Assistant Vice President	Fan, Kuo-Ping				
	Assistant Vice President	Cheng, Chieh-Chung				
	Assistant Vice President	Chang, Ri-Dong				
	Principal Financial/Accounting Officer	Tsao, Yun-Han				

5. Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

- (1) The ratio of total remuneration paid by the company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Unit : NT\$ thousand

Title	2014				2015			
	Total Remuneration paid to directors, supervisors, presidents and vice presidents		Ratio of total remuneration paid to directors, supervisors, presidents and vice presidents to net income (%)		Total Remuneration paid to directors, supervisors, presidents and vice presidents		Ratio of total remuneration paid to directors, supervisors, presidents and vice presidents to net income (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors	16,618	23,745	17.52	25.04	46,487	53,699	11.17	12.9
Supervisors								
CEO								
Presidents								
Senior Vice Presidents								
Vice Presidents								

- (2) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance and future risk exposure.

A. Directors, Supervisors

Remuneration for Directors and Supervisors includes base compensation, compensation to directors and supervisors, and business implementation expense. Remuneration is stipulated in the Articles of Incorporation.

B. Presidents and Vice Presidents

The compensation for presidents and vice presidents includes salary, bonus, and employee compensation, and is measured based on the position degree, responsibility of each individual role, contribution made to the company, and the market averages.

iv. Implementation of Corporate Governance

1. Board of Directors

A total of 8(A) meetings of the board of directors were held in 2015. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Liang, Chin-Li	8	0	100%	Was re-elected on May 28, 2015
Director	Hu, Tai-Tsen	8	0	100%	Was re-elected on May 28, 2015
Director	Kao, Hsin-Ming	6	1	75%	Was re-elected on May 28, 2015
Director	Yang, Jung-Tang	8	0	100%	Was re-elected on May 28, 2015
Independent Director	Yeh, Hui-Hsin (Note1)	8	0	100%	Was re-elected on May 28, 2015
Independent Director	Yang, Qian	4	0	100%	Was newly elected on May 28, 2015 A total of 4 board meetings were held during active duty.
Independent Director	Wang, Mao-Rong	4	0	100%	Was newly elected on May 28, 2015 A total of 4 board meetings were held during active duty.
Director	Hsu, Chung-Cheng (Note2)	4	0	100%	Was dismissed on May 28, 2015 A total of 4 board meetings were held during active duty.
Independent Director	Chao, Rong-Shiang (Note2)	3	1	75%	Was dismissed on May 28, 2015 A total of 4 board meetings were held during active duty.
Independent Director	Wang, Pai-Lu (Note2)	4	0	100%	Was dismissed on May 28, 2015 A total of 4 board meetings were held during active duty.
Supervisor	Wu, Pi-Huei (Note2)	4	0	100%	Was dismissed on May 28, 2015 A total of 4 board meetings were held during active duty.
Supervisor	Winsite Co., Ltd. Legal Representative : Shih, Tung(Note2)	4	0	100%	Was dismissed on May 28, 2015 A total of 4 board meetings were held during active duty.

Other mentionable items:

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None.
2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified: None.
3. Measures taken to strengthen the functionality of the Board:

In addition to implementing the "Board of Directors Meeting Rules" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies," the company also has an independent director system to complement its board. Independent directors perform their roles in accordance with the relevant laws and instructions of the competent authority, and serve both executive and supervisory purposes.

(1)Board structure

On May 28, 2015, the company re-elected members of the Board of Directors and established an audit

committee, which replaced supervisors. The board is comprised of members from a variety of backgrounds, who have been chosen based on the development needs of the company. All directors and independent directors have the academic background and experience necessary to enable the board's decision and supervisory capacity. "Directors Election Procedures" that stipulate a cumulative voting system for director elections. This voting system increases minority shareholders' chances of participating in the board's decisions; furthermore, a set of by-election procedures was also introduced to avoid disruption to the company's business operations if some or all directors and independent directors are dismissed. To ensure the independence of the board, the company has rules that prohibit the Chairman from concurrently serving as the President, while each director and independent director is required to exercise their authorities independently. Information such as directors' shareholding positions, transfer restrictions, and collateralized shares are fully disclosed on the Market Observation Post System, which investors are welcome to make inquiries on.

(2)The independent director system

The company has clearly outlined the availability, eligibility, and responsibilities of its independent directors in its "Articles of Incorporation" and "Independent Director Authorities and Responsibilities." Currently, the company has established three independent director positions with the power to be involved in decision making and to express opinions according to the Securities and Exchange Act. To protect the interests of investors, the Articles of Incorporation explicitly specify adoption of the nomination system introduced in Article 192-1 of the Company Act, which gives shareholders who hold above a certain number of shares the right to nominate independent directors. These procedures prevent the nomination process from becoming monopolized or excessive, and results in fairer and more transparent proceedings.

(3)Establishment of an Audit Committee

On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors according to Article 14-4 of the Securities and Exchange Act. The committee is composed of three independent directors. All of them are chosen from persons with sufficient financial knowledge or business experience. "Audit Committee Charter" outlines the level of independence expected from audit committee and the role they play in the company's operations. Audit committee ensures that the company's internal control system is effectively implemented and financial statements are properly prepared.

The company has created a mailbox exclusively for communication with audit committee on its website (under the "Investors" section), which enables investors, stakeholders and employees to communicate with audit committee directly by e-mail.

(4)Establishment of a Remuneration Committee

The company established the "Remuneration Committee Charter" in accordance with Article 14-6 of the Securities and Exchange Act. And completed the recruitment of committee members to help the board perform its duties.

(5)Improving information transparency

Financial information, resolutions on material issues, board meeting participation, and director ongoing education information are published on the Market Observation Post System as required by law. The company's financial and business performance is also made accessible to the public on its website.

Note1: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Independent Supervisor Yeh, Hui-Hsin was re-elected to be an Independent Director.

Note2: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Those directors and supervisors were dismissed.

2. Audit Committee

A total of 2 (A) Audit Committee meetings were held in 2015. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)【B/A】	Remarks
Independent Director	Yeh, Hui-Hsin (Note1)	2	0	100%	Was newly elected on May 28, 2015
Independent Director	Yang, Qian	2	0	100%	Was newly elected on May 28, 2015
Independent Director	Wang, Mao-Rong	2	0	100%	Was newly elected on May 28, 2015
<p>Other mentionable items:</p> <ol style="list-style-type: none"> If there are the circumstances referred to in Article 14-5 of the Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified: None. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.) <ol style="list-style-type: none"> Audit committee Meetings are held whenever deemed appropriate, during which the financial statement auditor and internal auditors are summoned to present audit plans for the company's financial statements, and to report on the functioning of internal controls. These meetings provide audit committee members with sufficient overview of the company's operations. In addition to holding audit committee meetings, the audit committee members also maintain regular e-mail contact with financial statement auditors and internal auditors in order to stay informed of the company's operations. The financial statement auditor discusses matters relating to the audited financial statements before the board meeting. During these discussions, directors and audit committee members are given sufficient opportunities to communicate with the financial statement auditor. 					

Note1: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors.

3. Attendance of Supervisors for Board Meetings

A total of 8 (A) meetings of the Board of Directors were held in 2015. The attendance of supervisors was as follows:

Title	Name	Attendance in Person(B)	Attendance rate (%) 【B/A】	Remarks
Supervisor	Wu, Pi-Huei (Note2)	4	100%	Was dismissed on May 28, 2015 A total of 4 board meetings were held during active duty.
Independent Supervisor	Yeh, Hui-Hsin (Note1)	4	100%	Was dismissed on May 28, 2015 A total of 4 board meetings were held during active duty.
Supervisor	Winsite Co., Ltd. Legal Representative : Shih, Tung (Note2)	4	100%	Was dismissed on May 28, 2015 A total of 4 board meetings were held during active duty.

Other mentionable items:

1. Composition and responsibilities of supervisors:

(1) Communications between supervisors and the Company's employees and shareholders (e.g. the communication channels and methods, etc.):

A. Supervisors can communicate with employees and shareholders through the company spokesperson and through shareholders' meetings. Managers and employees of the company may be requested to provide statements with regards to their areas of responsibility if necessary.

B. The company publishes supervisors' information in its annual report, allowing report readers to raise suggestions and communicate with supervisors. Supervisors are also able to maintain communications with various business functions of the company during their regular review of internal audit reports.

C. On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors.

(2) Communications between supervisors and the Company's Chief Internal Auditor and CPA (e.g. the items, methods and results of the audits of corporate finance or operations, etc.):

A. Supervisor meetings are held whenever deemed appropriate, during which the financial statement auditor and internal auditors are summoned to present audit plans for the company's financial statements, and to report on the functioning of internal controls. These meetings provide supervisors with sufficient overview of the company's operations. In addition to holding supervisor meetings, the supervisors also maintain regular e-mail contact with financial statement auditors and internal auditors in order to stay informed of the company's operations.

2. If a supervisor expresses an opinion during a meeting of the Board of Directors, the dates of meetings, sessions, contents of motions, resolutions of the directors' meetings and the Company's response to supervisor's opinion should be specified: None.

Note1: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Independent Supervisor Yeh, Hui-Hsin was re-elected to be an Independent Director.

Note2: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Those supervisors were dismissed.

4. Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The company has established "Corporate Governance Practical Rules" based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies." These practices are being implemented in compliance with laws with information properly disclosed in the best interests of investors, stakeholders and employees.	None
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against	✓		(1) The company has appointed a spokesperson and a deputy spokesperson to handle shareholders' suggestions and disputes. (2) The company's major shareholders are mostly comprised of the management team and long-term shareholders. The company constantly monitors shareholding positions of its directors and major shareholders. Changes in shareholding positions among directors, managers and shareholders with more than a 10% holding are reported regularly to the competent authority. (3) The company and each of its affiliated enterprises operate independently from each other. The subsidiaries are governed by the internal control system, the "Finance and Business Policy for Group Members and Related Parties," and the "Subsidiary Management Policy." (4) The company has established "Procedures for	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
insiders trading with undisclosed information?			Handling Material Inside Information and Avoiding Insiders Trading" against insiders trading with undisclosed information.	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p>	✓		<p>(1) The company has established "Corporate Governance Practical Rules" to formulate the diversification of the Board members. The board is comprised of members from a variety of backgrounds, gender and skills. Members have been chosen based on the development needs of the company. All directors and independent directors have the academic background and experience necessary to enable the board's decision and supervisory capacity.</p> <p>(2) The company does not establish other functional committees in addition to the Remuneration Committee and the Audit Committee.</p> <p>(3) The company has regulated the “Self-Evaluation of the Board of Director” about the members of the Board to assess their entire operations. It shall specifically conduct external evaluation on performance at least every three years in Article 3. The criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company; 2. Improvement of the quality of the board of directors' decision making; 	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			<p>3. Composition and structure of the board of directors;</p> <p>4. Election and continuing education of the directors;</p> <p>5. Internal control.</p> <p>The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects:</p> <ol style="list-style-type: none"> 1. Familiarity with the goals and missions of the company; 2. Awareness of the duties of a director; 3. Participation in the operation of the company; 4. Management of internal relationship and communication; 5. The director's professionalism and continuing education; 6. Internal control. <p>The internal appraisal of the Board in 2015 has been conducted by the Financial Division. Further, it has been reported in the Board meeting on January 6, 2015. It shows good performances of the entire Board and individual member of Board, which have been revealed the appraisal result on the website of the company.</p> <p>(4) The Board of the company regulates the independence of the certified accountant assigned to do the appraisal according to No. 10. Integrity, Objectivity and Independence, The Norm of Professional Ethics for Certified Public Accountants of the People’s Republic of China,</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>which stipulates (a) whether the certified accountant, the spouse, minor children or others hold 1% of shares; (b) whether the certified accountant is the spouse or has relations up to the second degree of consanguinity with other directors; (c) whether the certified accountant is the relative of someone holding a post with significant impact such as a manager or financial and accounting supervisors; (d) whether the certified accountant takes a rigid and serious attitude towards his/her performance of his/her professional service; (e) whether the certified accountant received any gift with considerable values from directors, managers; (f) whether a collaborative practicing accountant quited within one year and took charge of the directors, supervisors manger and post with significant impact on auditing cases of audited clients. It shall be confirmed by the Board that the certified accountant has no other financial interest and business relations in addition to governing auditing certification and cost of tax, and the family members of the certified accountant do not violate the requirement of independence meeting with the standard of independence on evaluation. In the case of meeting with all requirements mentioned above that is qualified certified accountant for governing auditing and certification for the company.</p>	
4. Does the company establish a communication channel	✓		(1) The company set up stakeholder zones official	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?			<p>sites including employee zone, client alone, supplier zone, investor’s zone, service zone and environmental safety and health zone with respective specific contact windows respectively by characteristic of stakeholder.</p> <p>(2) The company has a spokesperson, a deputy spokesperson and a contact mailbox in place to facilitate communication with shareholders.</p> <p>(3) The company has established different kinds of meetings to encourage an open exchange of opinions between employees and management. An employee mailbox and whistle-blower system has also been made available on the company's website (under the HR section), through which employees may reflect their opinions and offer suggestions.</p> <p>(4) The company has a contact mailbox and an audit committee's mailbox to serve as a means of communication with stakeholders.</p>	
5. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates KGI Securities Registry and Transfer Department to deal with shareholder affairs.	None
<p>6. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman</p>	✓		<p>(1) The company has an official website (http://www.acter.com.tw) that regularly updates the company's financial performance and discloses corporate governance information.</p> <p>(2) The company has appointed dedicated personnel to gather and disclose information in a timely and appropriate manner.</p> <p>A. The company has implemented a</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
system, webcasting investor conferences)?			<p>spokesperson and a deputy spokesperson system, and disclosed their names and contact methods on the company's website.</p> <p>B. Information on investor seminars is disclosed on the company's website as it becomes available.</p> <p>C. The Company has already set up its English website to keep foreign investors informed of its financial and business standings.</p>	
<p>7. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</p> <p>Below is a summary of steps taken by the management to ensure sound corporate governance:</p> <p>(1) The company has a set of work rules in place that protect employees' interests. Under these rules, employees, irrespective of rank, gender or nationality, are provided with benefits such as insurance, training, health checkups and retirement plans superior to legal requirements. In addition, the company's Employee Welfare Committee introduces welfare packages that aim to create a harmonious workplace and to enrich employees' lifestyles. The company is ISO 14001 and OHSAS 18001-certified for the purpose of ensuring proper management over workplace safety and health. It has an Environmental Safety Department that is dedicated to promoting and supervising workplace safety; meanwhile, an employee opinion mailbox has been made available on the company's website (under the HR section) to facilitate direct communication between employees and the company.</p> <p>(2) Investor relations, supplier relations and stakeholders' rights: as part of its goal of information transparency, the company discloses financial and business information in a timely and appropriate manner in compliance with related laws. It has contact windows and mailboxes that investors, suppliers and stakeholders can use to leave messages and give opinions. Apart from making regular financial and business disclosures, the company has also created a corporate governance section on its website in both Chinese and English, so as to protect the interests of local and foreign investors.</p> <p>The company establishes trade arrangements and issues purchase orders to suppliers in compliance with the principle of equality. These agreements clearly outline the rights and obligations between the two parties, and work to secure both parties' legal interests.</p> <p>(3) Status of the Continuing Education of Directors and Supervisors: all directors and supervisors of the company have completed the mandatory courses stipulated under "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies." For details regarding these courses, please refer to page 70 ~ page 76 of the annual report, titled "x. Status of the Continuing Education of Directors and Supervisors.”</p>				

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Risk management policy and risk assessment standards: the company is focused on its primary business. It has risk management guidelines and policies in place to avoid or minimize risks that may jeopardize the company's interests, while in the meantime ensure employees' safety. All major operating policies, investments, asset acquisitions and disposals, corporate guarantees and endorsements are subjected to thorough analysis before they are proposed for the board's resolution. The Audit Office develops annual audit plans based on assessed risks and executes accordingly as a means of risk supervision.				
(5) Customer policy: The company has a Sales Department and a Construction Department responsible for engaging customers in timely communications, responding to customization needs, providing excellent services and resolving any issues that might arise. Besides, the General Administration Division conducts customer satisfaction survey from time to time and keeps all channels open for bilateral communication with customers.				
(6) Insurance against directors' and supervisors' liabilities: the company has taken out liabilities insurance for its directors and supervisors.				
8. Has the company implemented a self-evaluation report ² on corporate governance or has it authorized any other professional organization to conduct such evaluation? If so, please describe the opinion from the Board, the result of self or authorized evaluation, the major deficiencies, suggestions, or improvements. The self assessment report of the company established scope of appraisal information and appraisal index through Company governance appraisal system and most of the self assessment results conforms with the norms of company governance. As for the second governance appraisal result, the company is ranked as top 5 % of listed companies.				

Note1: For requirements on directors' and supervisors' continuing education, please refer to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" published by the Taiwan Stock Exchange.

Note2: A self-evaluation report is defined as the company assessing its corporate governance evaluation items with appropriate explanations on current corporate operations and implementation.

5. Composition, Responsibilities and Operations of Remuneration Committee

(1) Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note 1)	Criteria Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independent Criteria(Note 2)								Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark (Note3)	
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8			
Independent Director	Yang, Qian	✓	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	4	None
Independent Director	Yeh, Hui-Hsin (Note 4)	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	Wang, Mao-Rong (Note 4)	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None
Independent Director	Wang, Pai-Lu (Note 5)	✓	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None
Other	Wang, Wen-Chieh (Note 5)	✓	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None

Note1: Enter Director, Independent Director or Other in the Position column.

Note2: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others'

names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.

4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not a person of any conditions defined in Article 30 of the Company Law.

Note3: If the person has the position of director, state if conforming to Article 6-5 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

Note4: Be appointed on June 15, 2015.

Note5: The tenure of the 2th remuneration committee was expired on May 28, 2015. Those members of remuneration committee were dismissed.

(2) Attendance of Members at Remuneration Committee Meetings

A. There are three members in the Remuneration Committee.

B. The tenure of the 3rd remuneration committee is from June 15, 2015 to May 27, 2018. A total of 3(A) meetings of the remuneration committee were held in 2015. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By proxy	Attendance Rate in Person(%)(B/A)	Remark
Convener	Yang, Qian	3	0	100%	Re-elected on June 15, 2015
Member	Yeh, Hui-Hsin	2	0	100%	Was newly appointed on June 15, 2015 A total of 2 meetings of the remuneration committee were held during active duty.
Member	Wang, Mao-Rong	2	0	100%	Was newly appointed on June 15, 2015 A total of 2 meetings of the remuneration committee were held during active duty.
Convener (Note1)	Wang, Pai-Lu	1	0	100%	Was dismissed on May 28, 2015 A total of 1 meeting of the remuneration committee was held during active duty.
Member (Note1)	Wang, Wen-Chieh	1	0	100%	Was dismissed on May 28, 2015 A total of 1 meetings of the remuneration committee were held during active duty.

Other matters to be disclosed :

1. If the board of directors declines to adopt, or modifies a recommendation of the remuneration committee, the date of the Board of Directors meeting, term, content of motions, board resolution results and Company handling of remuneration committee opinions shall be specified. (if the compensation approved by the Board of Directors exceeds that proposed by the remuneration committee, the circumstances and cause of the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Note1: The tenure of the 2th remuneration committee was expired on May 28, 2015. Those members of remuneration committee were dismissed.

6. Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>1. Corporate Governance Implementation</p> <p>(1) Does the company declare its corporate social responsibility policy and examine the results of the implementation?</p> <p>(2) Does the company provide educational training on corporate social responsibility on a regular basis?</p> <p>(3) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?</p> <p>(4) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility</p>	✓		<p>(1) The company has corporate social responsibility best practices principles along with an employee code of conduct and safety and health policies in place. The company devoted itself to the corporate social responsibilities and integrated it with each operational unit, including every police for engineering management, procurement, environment and employment training. The General Administration Division reviews periodically the effect of performance, and discloses the annual report and social responsibility report.</p> <p>(2) The company arranges for directors to undergo external training courses on topics such as corporate governance and insider trading policies. Meanwhile, employees are also provided with training on the company's policies, professional skills, and courses that inspire self-development. Through use of advocacy, training and rewards, the company hopes to incorporate corporate social responsibility into its daily operations.</p> <p>(3) The General Administration Division takes charge of corporate social responsibility programs including the submission and execution of corporate social responsibility policies. Aside from reporting to the Board periodically every year, it reveals the status of execution on the website of the company. It has reported the effect of performance for 2015 in the Board meeting on the 10th of November 2015.</p> <p>(4) The Company stipulated “Employment Remuneration Administration Polices,” “Employee Appraisal Guidelines,” “Employee Reward and Discipline Guidelines,” and “Employee Ethical Business Guidelines” according to the rules which are expected to encourage employees to</p>	None

Evaluation Item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
policy, as well as establish an effective reward and disciplinary system?			perform well and improve on weak performance with the open and concrete administrations measures in order to carry out the business philosophy and achieve social responsibility of company. The General Administration Division does a market study to review the level of salary every year in order to provide sound rewards and remuneration program.	
<p>2. Sustainable Environment Development</p> <p>(1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(2) Does the company establish proper environmental management systems based on the characteristics of their industries?</p> <p>(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?</p>	✓		<p>(1) The company has passed ISO14001 Environmental Management certification, and continues to devote resources to technology R&D to provide customers with energy-saving solutions. Through the use of energy-saving and heat recovery equipment, the company expects to reduce environmental pollution, promote recycling and make more efficient use of resources such as power and water.</p> <p>(2) The company has set up standard operating procedures and operations manuals according to the nature of its construction work. In addition to requiring employees to comply with construction procedures, the company is also dedicated to enhancing safety and hazard control over the work environment, work activities, and any instruments or equipment used. Work environments are tested regularly and the company's work practices have received OHSAS18001 Occupational Health and Safety certification.</p> <p>(3) In addition to researching new energy-saving technologies, the company also takes the initiative in raising employees' environmental awareness.</p> <p>1. With regards to the use of paper, the company has been a strong advocate of a paper-less environment, and employees are reminded to print double-side and on used paper whenever deemed appropriate.</p>	None

Evaluation Item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>2. With regards to the use of power, the company constantly reminds employees to turn off lights and air conditioning in empty areas, while company headquarters has fully adopted the use of energy-saving equipment for greater energy efficiency. On March 19, 2015, the company supported Earth Hour by turning off all lights between 20:30~21:30. This was a gesture of the company's commitment to environmental protection, and a message to its employees that environmental protection can begin from the little things in our lives. In an attempt to reduce its carbon footprint and greenhouse gas emissions, the company has set up a number of policies including: a. Green procurement; purchasing products that are certified environmentally friendly, energy-saving, water-saving, and are rated with a high EER; b. Revision of lighting requirements, improved lighting efficiency, decommissioning of redundant lighting, and development of the habit of turning off lights when not needed; c. Resource reuse: use of recycled paper and materials and refraining from use of over-packaged products. With regard to the usage of electricity and carbon emission, as the company targets a 1% reduction on electricity use and carbon emission every year from 2015 to 2017, the degree of electricity use and carbon emission level was at 244,085 degrees and 127,233 kilometers respectively in 2015, compared to 262,837 of electricity use and carbon emission volume of 137,913 in 2014, it was a reduction of 7.1% to 18,752 and 7.7% to 10,680 kilometers separately. It appears that it has taken effect on the electricity saving. The carbon dioxide level in the Company's operating environment obtained was 498 ppm to 816 ppm for 2015. It was within the standard value of 5,000 ppm.</p>	

Evaluation Item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>3. Preserving Public Welfare</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?</p> <p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p> <p>(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?</p> <p>(5) Does the company provide its employees with career development and training sessions?</p>	✓		<p>(1) The company has established a set of "Work Rules" based on the Labor Standards Act and other relevant laws to protect employees' interests. There are no ethnic or gender restrictions with regards to employee recruitment or promotion; each person is equally entitled as long as they possess the right abilities and satisfy requirements. For the purpose of eliminating sexual harassment, the company has implemented a "Sexual Harassment Prevention Policy" to handle sexual harassment complaints.</p> <p>(2) The company offers an Employee Relations Hotline that provides a channel for employees to express their opinions regarding their work and the overall work environment. There are no opinions or complaints received in 2015.</p> <p>(3) The company provides its employees with comprehensive training on work operations, safety and health, and conducts company-wide health checkups on a regular basis to help employees stay healthy.</p> <p>(4) The company organizes regular meetings to encourage reciprocal communication. These meetings not only discuss the company's business performance but also serve as a means of opinion exchange with employees. Important messages are disseminated via announcements and meetings, whereas employer-employee relations are discussed separately according to the "Regulations for Implementing Labor-Management Meeting."</p> <p>(5) The company has set up employee promotion relative systems and provides proper suitable training courses according to personal potentials and capacity as well as lecturing by level and assists the employee to give full play of their strengths and complete the tasks in an outstanding manner.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?</p> <p>(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?</p> <p>(8) Does the company evaluate the records of suppliers’ impact on the environment and society before taking on business partnerships?</p> <p>(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable</p>			<p>(6) The company organizes annual customer satisfaction surveys, during which the Administration Department mails out "Customer Satisfaction Questionnaires" and discusses with the Sales Department about the issues raised and how the company may take steps to improve them. These analyses are reviewed by the Vice President before dissemination to departments for execution. The ultimate goal of such surveys is to meet customer expectations and achieve 100% satisfaction with service quality.</p> <p>(7) The company provides engineering technical service and provides customized design, as well as integrating construction service, etc. and its marketing and indication are in accordance with the execution of relevant regulation and international criterion.</p> <p>(8) As the company rules management operations of suppliers upon internal control system, and makes records of supplier basic information for material and engineering contractor. Further, it appraises on our supplier comforting to procurement and material management procedure. For the case of suppliers obtaining ISO 9001 quality and management system certificate ISO 14001 international environmental management system criteria, OHSAS18001 vocational security and health management systems relevant certificates, and other qualification remark of government and quality qualification remarks of foreign government, it will evaluated such suppliers as excellent grade, as a plus item to appraisal.</p> <p>(9) It enforces and promotes company corporate social responsibility in its transactions company with its suppliers :</p> <p>1. It specifies in the article of the condense agreement of the Company : “Article 12 The suppliers shall abide by the corporate social responsibility company requirements of the company. In the</p>	

Evaluation Item	Implementation Status		Abstract Explanation	Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
impact on the environment and society?			<p>event that any of the policies were violated and their actions cause an impact on environment and society, the company can terminate or cancel the agreement at any time.”</p> <p>2. It stipulates environmental security and management procedure of contractor to specify that contractor shall the related regulations and requirement of environmental safety and health.</p> <p>3. It regulates “safety and health requirement of contractor” on engineering contracting agreement and rigidly conduct the requests the suppliers shall comply with every environmental safety and health requirement during construction toward supplier.</p> <p>4. It concludes “Honest and Integrity Commitment” establish healthy supplier chain relationship between the company and suppliers once the supplier breaches the commitment. The company holds the right to terminate the cooperation relationship and the supplier shall burden all legal responsibilities accordingly.</p>	
4. Enhancing Information Disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	✓		(1) Information relating to corporate social responsibility is disclosed in the company's annual report and corporate social responsibility report. Please refer to the company’s website and the Market Observation Post System (MOPS).	None
5. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The company has made a commitment to corporate social responsibility, and has implemented measures such as an employee code of conduct and environmental safety and health policies. These actions are consistent with the rationale of the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies."				

6. Other important information to facilitate better understanding of the company's corporate social responsibility practices :

Please refer to the following table.

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
1.Human rights				
(1) Compliance with the Labor Standards Act		V		The company has established a set of "Work Rules" based on the Labor Standards Act and other related laws. To maintain employer-employee relations, the company holds employment meetings on a regular basis according to the "Regulations for Implementing Labor-Management Meetings."
(2) Other (e.g. protecting employees and recruitment candidates from harassment and discrimination)		V		The company has implemented a "Sexual Harassment Prevention Policy" to protect employees' interests and privacy.
2.Employees' rights, safety and health				
(1) Adequate training for employees		V		In order to inspire growth among employees and nurture professional talent, the company has implemented a set of training guidelines and empowered internal departments to oversee employee training.
(2) Employees' right to express opinions		V		Employees are allowed to express opinions by employee mailbox at anytime regarding their rights, welfare, management and the work environment.
(3) Other (e.g. OHSAS18001 certification on occupational health and safety, and offering of reasonable welfare and remuneration packages to employees)		V		The company has obtained ISO9001 certification on quality, ISO14001 certification on environmental management, and OHSAS18001 certification on occupational safety and health. And the Company is certified by the Health Promotion Administration, Ministry of Health and Welfare to be a healthy workplace. Its employee remuneration system has been developed in compliance with relevant laws including those that govern minimum wages and mandatory benefits.

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
3.Employee care				
(1) Workplace safety		V		The company has empowered an Environmental Safety Department to oversee safety and health conditions at various work sites. The department conducts regular tests on the operating environment and takes steps to ensure that safety and health regulations have been strictly complied with to provide employees with the utmost assurance.
(2) Establishment of written employee health and safety policies		V		The company has employee health and safety policies in place and co-operates in their execution.
(3) Other (e.g. care for employees' physical/mental development and family life)		V		The company has been established "Employee Welfare Committee" for a long years, it planes employee traveling activities, association, gathering party, reunion party and so on., including family day, using activities to increase the interaction of employees with their families. We anticipated that our employee could attach importance on the family life and mental development apart from work value the importance of family for our employees and our Human Resource Division staff aims to take care of the needs of the employee, including physical and mental development.
4.Environmental Protection				
(1) Establishment of written environmental protection policy		V		The company complies with the environmental management standards laid out in ISO14001. It actively invests in the development of energy-saving technologies and has long-advocated awareness of environmental protection concepts. Over the years, the company has taken steps to reduce paper waste and recycle resources, and exercised supervision over subsidiaries to see that this is done.
(2) Compliance with environmental protection laws		V		
(3) Other (e.g. development of energy-saving and pollution-reducing technologies, equipment and activities; steps taken to reuse or recycle waste, or to reduce or prohibit the use of hazardous substances)		V		

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
5. Community involvement				
(1) Participation in community services and charity activities		V		The company organizes activities aimed to help the socially disadvantaged and charity organizations whenever deemed appropriate.
(2) Other (e.g. aid and investment in the community [including manpower, supplies, knowledge and skills], steps taken to ensure the health and safety of the community)		V		
6. Social contributions and social welfare				
(1) Donations to charities, educational, healthcare, artistic activities etc.		V		<ol style="list-style-type: none"> 1. The company cooperates with national tertiary institutions on various research projects, and offers summer internships to help students put theory into practice. 2. The company donates funds and offers scholarships and employment opportunities to the socially disadvantaged. 3. The company organizes activities aimed to help the socially disadvantaged and charity organizations. 4. The company attended the creative flash mob event of “When Santa Claus runs into a Taiwanese Opera” as circuit medical car in Taipei Exchange on December 19, 2015.
(2) Other (e.g. aid to less-developed countries, offering of employment opportunities to the socially disadvantaged etc)		V		
7. Social services				
(1) Promotion of social welfare		V		The company assists in providing scholarships to financially disadvantaged students.
(2) Other		V		
8. Investor relations				
(1) Operating transparency		V		The company publishes financial and business information on the "Market Observation Post System" as required by law.
(2) Corporate governance		V		In an attempt to achieve more robust corporate governance, the company has empowered its directors and audit committee in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" to make the company's operations more transparent to shareholders.

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
(3) Other		V		The company has set up its own website and implemented a spokesperson and a deputy spokesperson policy as a means of providing more transparent financial information to investors.
9.Supplier relations				
(1) Reasonableness of procurement prices		V		The company has developed a set of "Material Procurement and Management Procedures" based on ISO9001 standards. By establishing procurement contracts with suppliers, the company is able to define the specifications for its purchases and thereby protect its own interests. Business dealings with suppliers are based on trust and a mutually beneficial relationship made possible by open communications.
(2) Other		V		
10.Stakeholder interests				
(1) Intellectual property rights		V		The company respects intellectual property rights, and is yet to be involved in any case of IP infringement.
(2) Regulatory compliance		V		The company's operating policies and systems are in strict compliance with laws.
(3) Other (e.g. disclosure of corporate social responsibilities on company website)		V		The company has disclosed its corporate social responsibilities in prospectus and in its annual reports.
11.Consumer interests				
(1) Emphasis put on customers relations (e.g. consumer protection, product quality, safety and innovation, attention to customers' complaints, provision of full product information etc.)		V		In order to provide customers with "total satisfaction" the company has devoted much attention to the quality, safety and innovativeness of its construction techniques, and addresses customer complaints in the shortest time possible.

7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions:
The company has prepared a 2014 corporate social responsibility report and entrusted the PricewaterhouseCoopers (PwC) Taiwan to carry out limited assurance according to the Assurance Standards Gazette No. 1 of the Republic of China for the Report. 2015 corporate social responsibility report is still in progress.

7. The Status of the Company's Performance in the Area of Ethical Corporate Management and the Adoption of Related Measures
- (1) To uphold operational principles of the utmost integrity, the company has established "Ethical Corporate Management Practice Principles," "Code of Ethics," "Ethical Corporate Management Operating Procedures and Conduct Guide," "Corporate Governance Practical Rules," "Corporate Social Responsibility Best Practice Principles" and "Employee Ethical Business Guidelines" that prohibit employees from offering, accepting, committing or requesting any inappropriate benefits, whether directly or indirectly, while performing their duties. Employees are also prohibited against involvement in any conduct that may be construed as dishonest, illegal, or a breach of trust.
 - (2) Measures adopted :
 - A. Employees of the company are prohibited from offering or accepting inappropriate benefits, and are discouraged from doing business with dishonest agents, suppliers, customers or other business partners.
 - B. All employees of the company are required to comply with policies and refrain from dishonest conduct.
 - C. Employees of the company are required to disassociate themselves whenever there is a conflict between their interests and the interests of the company.
 - D. Employees of the company are bound to maintain confidentiality over any commercial secrets learned during their involvement. They are prohibited from revealing such secrets to others as well as inquiring into secrets unrelated to their job roles.
 - E. All major operating policies, investments, asset acquisitions and disposals, loans, corporate guarantees and endorsements, and bank financing are subjected to thorough analysis before they are proposed for the board's resolution.
 - F. The company's Financial Division is responsible for reviewing transactions according to accounting policies and conducting credit assessments of its customers. The Financial Division clarifies with the financial statement auditor should they encounter any major issues or queries. It reports regularly to the competent authority and makes public announcements on mandatory disclosures as required by law.
 - G. The Audit Office is responsible for carrying out internal audits on various departments within the company, and therefore ensures the robustness and effectiveness of the company's internal control systems.
 - H. For the purpose of pursuing sustainable development, the company is committed to the concept of "integrity" as an operational principle. This integrity is reflected in the company's transparent disclosure of financial and corporate governance information on its website and on the Market Observation Post System and its corporate governance system (comprising of its "Ethical Corporate Management Practice Principles" and "Ethical Corporate Management Operating Procedures and Conduct Guide").

(3) Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p> <p>(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p> <p>(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	✓		<p>(1) The company has always conducted its business activities with the utmost integrity, and for which it has implemented a “Ethical Corporate Management Practice Principles,” “Ethical Corporate Management Operating Procedures and Conduct Guide,” “Code of Ethics,” and “Employee Ethical Business Guidelines”. These corporate ethics policies, along with the board’s and the management’s commitments, have been explained in annual reports and on the company’s website.</p> <p>(2) The company has published the relevant guidelines on its intranet so employees can inquire at anytime. In addition, employees are constantly informed of the company’s business philosophy during internal trainings and meetings, and are asked to fully comply with these requirements.</p> <p>(3) The company’s “Employee Ethical Business Guidelines” prohibit employees from requesting, agreeing, delivering, or accepting any form of gift, kickback, bribe or other inappropriate benefits. Reporting channels have been made available for employees to report improper business activities. Also, the company adopts the practice of checking counterparties’ legitimacy and credibility before engaging in any business relationships, and therefore ensures that its business partners adopt the same level</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			of fairness and transparency as does the company, and do not request, offer or accept bribes.	
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?</p>	✓		<p>(1) The company demands all its suppliers and contractors comply with the company's ethical and moral standards; each of them is required to sign a "Letter of Ethical Commitment" before commencing business dealings.</p> <p>(2) The company has a set of corporate ethical guidelines in place and is active in conveying its underlying rationale to the employees. In order to promote honest business, the General Administration Division supports the Executive Secretary, affiliated by Board, to take charge of honesty relevant system and maintenance and supervision and execution, it shall report to the Board periodically every year and the promoting situation of 2015 has been reported to the Board on November 10, 2015, and which was disclosed on the site. Upon discovering or receiving reports of dishonest conduct, the General Administration Division investigates immediately and demands immediate cessation if such conduct has been verified to have violated laws or the corporate ethical principles. In which case, the violator will be subject to disciplinary action and legal claims if necessary in order to protect the company's reputation. For dishonest conduct that has already occurred, the General Administration Division will help identify weaknesses in the internal control</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>			<p>systems or procedures that led to the incident, and instruct the responsible department to rectify so that such incidents do not recur. All departments are required to report to the board of directors on dishonest conduct discovered, actions taken, and subsequent improvements made.</p> <p>(3) The company has implemented a set of "Employee Ethical Business Guidelines" that requires employees to disassociate themselves from cases that involve their own interests. Violators are subject to disciplinary actions.</p> <p>(4) The company has always paid great attention to the accuracy and completeness of its financial reporting procedures and controls. It has developed effective accounting systems and internal controls to address business activities that present higher integrity risks. Meanwhile, the internal auditor devises annual audit plans based on risk assessment outcomes, and compiles its findings into audit reports for the board of directors' review.</p> <p>(5) The company assigns employees to participate in ethics training whenever deemed appropriate.</p>	
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p>	✓		<p>(1) The company established a “Code of Ethics” and “Employee Ethical Business Guidelines,” and set up a company governance page on the official site. All employees shall abide by the rules and regulations, all executives of each unit shall carry out and ensure that</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?			<p>all department employees understand, accept and comply with the relevant regulations with all its strength. Employees shall be cautious about any behavior that violates the code of conduct, on occasion that any inquiry or discovery of behaviors relating with violating any rule and the norm serious violation cases shall be reported to the Board and then given the corresponding punishment according to the “Employee Reward and Discipline Guidelines,” and a proceeding will be brought up once there is any relevant violation to the law. Employees who violated the regulation with a post under the level of manager for any personal punishment and measure considered as violation of law or impairment of interest and right as unjustified cause, it may submit concrete matter of fact and enclose with related information to appeal to Investigation Unit of General Administration Division, while the person who violated rules with post of above manager, it can conduct according to the regulation about appealing in Code of Ethics. For the reporting channels of the company, in addition to employee personal opinion or claim box, it also set up auditing commission mailbox for completing the function of supervision.</p> <p>(2) In order to reinforce the protection on the interest and right of reporter and avoid the revenge occurred by improper personnel measure, it built “whistleblower protection” relevant measures, for the staff and relevant personnel who denounced someone who has</p>	

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide proper whistleblower protection?			<p>violated regulation or participated with the process of investigation, it will give appropriate protection measure for refrain in them from suffering unfair treatment and revenge. In case that the whistleblower has suffered from revenge, it can seek remedies at specific responsibility unit or Legal Affairs Office of the Chairman.</p> <p>(3) Concerning “Whistleblower Protection,” it safeguards the reporter’s position and rewards from degradation or expelling due to reporting, as for the case of suffering the revenge via normal reporting, in addition to providing compensation, a punishment will be imposed on the revenging party according to “Employee Reward and Discipline Guidelines.”</p>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	✓		(1) The company has clearly disclosed its business philosophy on its website. Ethical guidelines are also made available for employees to inquire.	None
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>The company has devised “Ethical Corporate Management Practice Principles” and “Ethical Corporate Management Operating Procedures and Conduct Guide” in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies" and the company's practices. These codes, procedures and manuals serve as guidance to employees while carrying out their roles.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>(1) In order to develop honesty as part of its corporate culture, governance and risk management, the company has outlined in its “Ethical Corporate Management Operating Procedures and Conduct Guide” the regulations that directors, managers and employees are bound to comply with and a list of conduct to avoid.</p> <p>(2) The company assigns employees to participate in ethics training whenever deemed appropriate.</p>				

8. Corporate Governance Guidelines and Regulations

The company has established “corporate governance principals and regulations,” “Ethical Corporate Management Practice Principles,” “Code of Ethics,” and “Ethical Corporate Management Operating Procedures and Conduct Guide,” etc, and disclosed the relevant information on the Market Observation Post System (newmops.tse.com.tw) as required by law . Furthermore, the company has established a spokesperson system for public inquiry.

9. Other Important Information Regarding Corporate Governance

The company has established “Procedures for Handling Material Inside Information and Management of the prevention of insider trading.” The adoption or amendment to the procedures was submitted to the board of directors for approval by resolution and publicly announced. Please refer to the company’s website at www.acter.com.tw→Investors→Corporate Governance.

10. Internal Control System

(1) Statement of Internal Control System: Please refer to page 61.

(2) Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: None.

11. For the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

Acter Co., Ltd.
Statement of Internal Control System

Date : Feb. 25, 2016

Acter has conducted a self-assessment of internal controls for the period of January 1, 2015 to December 31, 2015. The results are as follows:

1. Acter acknowledges that the company's Board of Directors and management are responsible for establishing, implementing and maintaining the preexisting internal control system. The purpose of the internal control system is to provide a reasonable assurance for achieving the company's goals: efficient and effective operations (including profit, efficiency, and the safeguard of assets, etc.), reliability, timeliness, transparency, and regulatory compliance of reporting, and compliance with applicable laws and regulations.
2. The internal control system has its inherent constraints. Regardless of how well the system is implemented, it can only provide a reasonable assurance that the above goals will be achieved. Indeed the effectiveness of the internal control system may vary due to resulting changes in the environment and circumstances. Acter's internal control system is self-monitoring and requisite actions are promptly taken to address any recognized shortcomings in the system.
3. Acter evaluates the effectiveness of the design and performance of its internal control system as indicated in the Rules Governing Internal Control Systems Established by Public Listed Companies announced by the Securities and Exchange Commission, MOF. Based on the management control process, the items for assessing the internal control specified in the Points are: 1. Control Environment 2. Risk Assessment 3. Control Activities 4. Information and Communication and 5. Monitoring. Each is comprised of certain factors that are described in the Points.
4. Acter has evaluated the effectiveness of the design and performance of its internal control system in accordance with the above factors.
5. Acter believes that the effectiveness of the design and execution of its internal control system in 2015/12/31 the above mentioned assessment period provides reasonable assurance of achieving the goals of operation efficiency and effectiveness, reliability, timeliness, transparency, and regulatory compliance of reporting and compliance with applicable laws and regulations.
6. This Statement of Internal Control will be a prominent feature of Acter's annual report and prospectus and will be released to the public. Should any statement contained within be misleading or falsely represented, Articles 20, 32, 171 and 174 of the Securities Exchange Law shall apply.
7. This Statement of Internal Control has been approved by Acter's Board of Directors at the Feb. 25, 2016 board meeting. Seven directors attended the meeting and agreed with the content of the statement.

Acter Co., Ltd.

Chairman : Liang, Chin-Li

President : Hsu, Chung-Cheng

12. Major Resolutions of Shareholders' Meeting and Board Meetings

(1) Major Resolutions of Shareholders' Meeting

Date	Major resolutions
May 28, 2015	<ol style="list-style-type: none"> 1. Adoption of the 2014 business report and financial statements. 2. Adoption of the proposal for distribution of 2014 profits. 3. Adoption of waiving the right to subscription in 2014 capital increase by cash of Nova Technology Corp. 4. Discussion on the proposal to amend "Articles of Incorporation." 5. Discussion on the proposal to amend "Rules of Procedure for Shareholder Meetings." 6. Discussion on the proposal to amend "Procedure for Acquisition or Disposal of Assets" - "Endorsement and Guarantee Procedure" and "Procedures for Loaning of Company Funds." 7. Discussion on the proposal to amend "Procedures for Election of Directors and Supervisors." 8. Concerning about establishing presence overseas and human resources benefits, the company proposes to offer to buy within 15% shares of directly or indirectly reinvestment companies by high-performance employees. 9. Discussion of the listing plan of the company's subsidiary Nova Technology Corp. In order to meet the requirements of applicable laws and regulations, we intend to have the shareholders authorize through the meeting that the Board of Directors may handle related capital increase by cash and release of shares within one year for the subsidiary. 10. To elect the members of the 10th Board of Directors. 11. To release the directors and independent directors from non-competition restrictions.

(2) Major Resolutions of Board Meetings

Date	Major resolutions
Jan. 23, 2015	<ol style="list-style-type: none"> 1. Approved to amend the Restrict Stock Awards Plan. 2. Approved to issue 480,000 restricted shares to employees for 2014. 3. Resolved to approve the record date of Issuance New Restricted Employee shares. 4. Approved the list of employees receiving restricted shares and the received quantity of shares issued by the Company. 5. The resolution over capital increase by cash organized by the subsidiary Fengze Engineering Co., Ltd. and the Company forfeiting some of its subscription rights have been approved. 6. Resolved to approve the application for credit limit at the company's banking institutions. 7. Approved to amend the company's "Procedures for Endorsements and Guarantees." 8. Resolved to approve the company's guarantees and endorsements.
Feb. 26, 2015	<ol style="list-style-type: none"> 1. Resolved to approve the company's remuneration to directors and supervisors and bonus to employees. 2. Resolved to approve the company's 2015 remuneration for executives. 3. Resolved to approve the company's 2014 business report and financial statements. 4. Resolved to approve the distribution of 2014 profit. 5. The resolution over the creditor rights of the Company and its subsidiaries against Wintek Corporation is approved. 6. Resolved to approve the company's 2014 statement of internal control system. 7. Approved to amend the company's internal control policies. 8. Approved to amend the company's "Board of Directors Accreditation Operating Procedure." 9. Approved to amend the company's "Corporate Governance Practical Rules." 10. Approved to amend the company's "Articles of Incorporation." 11. Approved to amend the company's "Rules of Procedure for Shareholder Meetings." 12. Approved to amend the company's "Procedures for Loaning of Company Funds,"

Date	Major resolutions
	<p>"Procedures for Endorsements and Guarantees," and "Procedures for Acquisition and Disposal of Assets."</p> <p>13. Approved to amend the company's "Procedures for Election of Directors and Supervisors."</p> <p>14. Approved to elect the members of the 10th Board of Directors.</p> <p>15. Approved to release the Directors and Independent Directors from non-competition restrictions.</p> <p>16. Resolved to approve the application for credit limit at the company's banking institutions.</p> <p>17. Resolved to approve the NOVA TECHNOLOGY CO., LTD (subsidiary of the company) may apply for TWSE/GTSM Listed Company and follow the relative regulations, the board of directors requests the authorization from the shareholders to deal with the capital increasing and releasing stock in the future.</p> <p>18. Approved to convene the company's 2015 annual shareholders' meeting.</p>
Apr. 17, 2015	<ol style="list-style-type: none"> 1. Approved to waive the right to subscription in 2014 capital increase by cash of Nova Technology Corp. 2. Concerning about establishing presence overseas and human resources benefits, the company approved to offer to buy within 15% shares of directly or indirectly reinvestment companies by high-performance employees. 3. Discussion of the listing plan of the company's subsidiary Nova Technology Corp. In order to meet the requirements of applicable laws and regulations, we approved to have the shareholders authorize through the meeting that the Board of Directors may handle related capital increase by cash and release of shares within one year for the subsidiary. 4. Resolved to approve the evaluation of qualification and independence, and remuneration of the Certified Public Accountants. 5. Resolved to approve the company's guarantees and endorsements. 6. Approved the nomination of three candidates to stand for election of independent director at Acter 2015 Shareholders' Regular Meeting. 7. Approved to update the cause or subjects for convening the company's 2015 annual shareholders' meeting.
Apr. 28, 2015	<ol style="list-style-type: none"> 1. Approved to establish the Restrict Stock Awards Plan II. 2. Resolved to approve the application for credit limit at the company's banking institutions.
May 28, 2015	<ol style="list-style-type: none"> 1. Approved by all attended directors to elect CHIN-LI LIANG as the chairman of the 10th Board of Directors.
Jun. 15, 2015	<ol style="list-style-type: none"> 1. Resolved to approve the ex-dividend date for cash dividends distribution. 2. Approved to establish the Audit Committee Charter. 3. Resolved to approve the appointment of the Remuneration Committee members. 4. Approved to amend the Restrict Stock Awards Plan II. 5. Resolved to approve the company's guarantees and endorsements.
Jul. 30, 2015	<ol style="list-style-type: none"> 1. Approved to amend the company's "Corporate Governance Practical Rules," "Rules of Procedure for Board of Directors Meeting," and "Rules Governing the Scope of Powers of Independent Directors," and "Procedures for Handling Material Inside Information and Avoiding Insiders Trading." 2. Approved to amend the company's "Code of Ethics," "Ethical Corporate Management Practice Principles," and "Ethical Corporate Management Operating Procedures and Conduct Guide." 3. Approved to amend the company's "Employee Ethical Business Guidelines." 4. Approved to establish the company's "Personal Information Protection Plan" and amend the company's "Other Management Control Activities." 5. Approved to amend the company's "Information Cycle." 6. Approved to amend the company's "Compensation Committee Charter." 7. Resolved to approve the remuneration of the independent directors. 8. Resolved to approve the remuneration of the members of the remuneration committee. 9. Resolved to approve the remuneration of the members of the audit committee.

Date	Major resolutions
Nov. 10, 2015	<p>10. Resolved to approve the company's guarantees and endorsements.</p> <ol style="list-style-type: none"> 1. Approved to lend capital to subsidiary - NEW POINT GROUP LTD. 2. Resolved to approve the company's guarantees and endorsements. 3. Approved to provide a guarantee for credit limits applied for by subsidiaries. 4. Resolved to approve the company's "Proposal to enhance financial reporting." 5. Approved to amend the company's "Other Management Control Activities." 6. Resolved to approve the company's 2016 annual audit plan. 7. Approved to amend the company's "Procedures for Loaning of Company Funds." 8. Approved to invest in the company's subsidiary - Nova Technology Corp's capital increase by cash. 9. Resolved to approve the company's remuneration policy to directors and employees. 10. Resolved to approve the 2016 compensation policy. 11. Approved to amend the company's "Articles of Incorporation." 12. Resolved to approve the application for credit limit at the company's banking institutions. 13. Approved to establish the company's "Procedures for halt and resumption applications."
Jan. 06, 2016	<ol style="list-style-type: none"> 1. Approved to issue 720,000 restricted shares to employees as the 2nd issuance. 2. Resolved to approve the company's guarantees and endorsements. 3. Resolved to approve the company's endorsement and guarantee for credit facility to the subsidiary - Winmax Technology Corp. to credit with Fubon Bank (China) Co., Ltd Suzhou Branch. 4. Resolved to approve the company's endorsement and guarantee for credit facility to the subsidiaries - Sheng Huei (shenzhen) Engineering Co., Ltd. and Zhangjiagang Free Trade Zone Fuyuinternational Trade Co., Ltd. to credit with Fubon Bank (China) Co., Ltd Suzhou Branch. 5. Approved to provide a guarantee for credit limits applied for by subsidiaries. 6. Approved the list of employees receiving restricted shares and the received quantity of shares issued by the Company. 7. Resolved to approve the record date of the 2nd issuance of new restricted employee shares. 8. Resolved to approve the application for credit limit at the company's banking institutions.
Feb. 25, 2016	<ol style="list-style-type: none"> 1. Resolved to approve the company's 2015 business report and financial statements. 2. Resolved to approve the distribution of 2015 profit. 3. Resolved to approve the company's 2015 statement of internal control system. 4. Resolved to approve the company's guarantees and endorsements. 5. Discussion of the listing plan of the company's subsidiary Nova Technology Corp. In order to meet the requirements of applicable laws and regulations, we approved to have the shareholders authorize through the meeting that the Board of Directors may handle related capital increase by cash and release of shares within one year for the subsidiary. 6. Approved to dispose stocks of Nova Technology Corp. 7. According to a resolution of bidding project for construction, transfer and BTO as a demonstration case for waste recycling for sewage treatment plant in Fengshan River of Kaohsiung as the company planned to participate for, it will establish new company as shit in investment. 8. Resolved to approve the independence of the Certified Public Accountants. 9. Resolved to approve the distribution of 2015 directors and employees compensation. 10. Resolved to approve the company's 2016 remuneration for executives. 11. Approved to amend the company's "Regulations governing remuneration paid to directors and supervisors." 12. Resolved to approve the application for credit limit at the company's banking institutions. 13. Approved to amend the company's "Articles of Incorporation." 14. Approved to convene the company's 2015 annual shareholders' meeting.

13. Where, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof.

None.

14. A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, of the company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer

None.

v. Information on CPA professional fees

1. CPA professional fee range

CPA Information

CPA Firm	CPA' s Name		Audit Period	Remark
KPMG	Chang, Tzu-Hsin	Huang, Hai-Ning	Jan. 1, 2015~Dec. 31, 2015	-

Fee Range

Range	Item	Audit Fee	Non-Audit Fee	Total
1	Under NT\$2,000 thousand	✓	✓	
2	NT\$2,000 thousand~NT\$4,000 thousand			✓
3	NT\$4,000 thousand~NT\$6,000 thousand			
4	NT\$6,000 thousand~NT\$8,000 thousand			
5	NT\$8,000 thousand~NT\$10,000 thousand			
6	Over 10,000 thousand			

2. Information on Audit Fee and Non-Audit Fee

Unit : NT\$ thousand

CPA Firm	CPA' s Name	Audit Fee	Non-Audit Fee					Audit Period	Remark
			System Design	Industrial and Commercial Registration	Human Resource	Others (Note1)	Subtotal		
KPMG	Chang, Tzu-Hsin	1,920	-	-	-	550	550	Jan. 1, 2015~Dec. 31, 2015	-
	Huang, Hai-Ning								

Note1: Non-Audit fees include tax report of NT\$370 thousand and Transfer pricing report of NT\$150 thousand and New Restricted Employee shares of NT\$30 thousand.

3. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed.

Not Applicable.

4. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed.

Audit fee at NTD 1,920 thousand for 2015, which is lesser than NTD 2,980 thousand of 2014 by NTD 1,060 thousand (decreasing rate of 35.57%). It mainly results from the decrease of audit fee for the subsidiary.

vi. Information on replacement of certified public accountant within the last 2 fiscal years or any subsequent interim period

1.

(1) Regarding the Former CPA

Replacement Date	April 29, 2014		
Reasons and Explanation for Replacement	Internal job assignment and scheduling adjustment made by KPMG		
specify whether it was the certified public accountant that voluntarily ended the engagement or declined further engagement, or the company that terminated or discontinued the engagement	Parties		CPA
	Status		Appointor
	Voluntarily terminated		Not Applicable
Declined(Discontinued) further engagement			
Audit report opinions other than unqualified opinion during the 2 most recent years and reason	None		
Disagreement between the Company and the former CPA	None	Accounting principles or practices	
	None	Financial report disclosure	
	None	Auditing scope or procedure	
	None	Other	
	Explanation : None.		
Other matters to be disclosed (disclosures for Clause 5.1.4, Article 10 of these guidelines)	None		

(2) Regarding the Successor CPA

Name of the successor CPA Firm	KPMG
CPA' s Name	Wu, Whe-Land 、 Chang, Tzu-Hsin
Date of Engagement	Jan. 1, 2014 ~ Dec. 31, 2014
The consultations and the consultation results regarding the accounting treatment of or application of accounting principles to a specified transactions, or the type of audit opinions that might be rendered on the company's financial report	None
Written views from the successor certified public accountant regarding the matters on which the company did not agree with the former certified public accountant	None

(3) The Reply Letter From the Former CPA Regarding Clause 5.1 and 5.2.3, Article 10 of these Guidelines

Not applicable.

2.

(1) Regarding Former CPA

Replacement Date	April 17, 2015		
Reasons and Explanation for Replacement	Internal job assignment and scheduling adjustment made by KPMG		
specify whether it was the certified public accountant that voluntarily ended the engagement or declined further engagement, or the company that terminated or discontinued the engagement	Parties		CPA
	Status		Appointor
	Voluntarily terminated		Not Applicable
Declined(Discontinued) further engagement			
Audit report opinions other than unqualified opinion during the 2 most recent years and reason	None		
Disagreement between the Company and the former CPA	None	Accounting principles or practices	
	None	Financial report disclosure	
	None	Auditing scope or procedure	
	None	Other	
	Explanation : None.		
Other matters to be disclosed (disclosures for Clause 5.1.4, Article 10 of these guidelines)	None		

(2) Regarding the Successor CPA

Name of the successor CPA Firm	KPMG
CPA' s Name	Chang, Tzu-Hsin 、 Huang, Hai-Ning
Date of Engagement	Jan. 1, 2015 ~ Dec. 31, 2017
The consultations and the consultation results regarding the accounting treatment of or application of accounting principles to a specified transactions, or the type of audit opinions that might be rendered on the company's financial report	None
Written views from the successor certified public accountant regarding the matters on which the company did not agree with the former certified public accountant	None

- (3) The Reply Letter From the Former CPA Regarding Clause 5.1 and 5.2.3, Article 10 of these Guidelines
Not applicable.

- vii. The company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm**
None.

viii. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

1. Shares Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders with a Stake of More than 10 Percent

Unit: Share

Title	Name	2015		As of Apr. 6, 2016	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman(CEO)	Liang, Chin-Li	0	0	0	0
Director	Hu, Tai-Tsen	800,000	0	0	0
Director	Kao, Hsin-Ming	0	0	0	0
Director	Yang, Jung-Tang	127,595	0	0	0
Independent Director	Yeh, Hui-Hsin (Note2)	0	0	0	0
Independent Director	Yang, Qian (Note3)	0	0	0	0
Independent Director	Wang, Mao-Rong (Note3)	3,000	0	0	0
Independent Director	Chao, Rong-Shiang	(Note1)			
Independent Director	Wang, Pai-Lu				
Supervisor	Wu, Pi-Huei				
Supervisor	Winsite Co., Ltd. Legal Representative : Shih,Tung				
President	Hsu, Chung-Cheng (Note1)	0	0	0	0
Senior Vice President	Chang, Ching-Chuan	0	0	0	0
Vice President	Lai, Ming-Kun (Note4)	0	0	0	0
Assistant Vice President	Li, Po-Sheng	(135,000)	0	(132,000)	0
Assistant Vice President	Wang, Chun-Sheng	0	0	0	0
Assistant Vice President	Fan, Kuo-Ping	(9,000)	0	(3,000)	0
Assistant Vice President	Cheng, Chieh-Chung	0	0	0	0
Assistant Vice President	Chang, Ri-Dong	0	0	0	0
Manager of Financial Division	Tsao, Yun-Han	3,000	0	0	0

Note1: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Those directors and supervisors were dismissed.

Note2: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Independent Supervisor Yeh, Hui-Hsin was re-elected to be an Independent Director.

Note3: Independent Director Yang, Qian and Wang, Mao-Rong was newly elected on May 28, 2015.

Note4: Assistant Vice President Lai, Ming-Kun was promoted to Vice President on Apr. 01, 2015.

2. Shares Trading with Related Parties in Shareholding of Directors, Supervisors, Managers and Major Shareholders with a Stake of More than 10 Percent

None.

3. Shares Pledge with Related Parties

None.

ix. Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

As of April 2, 2016

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	
Xiang-Hui Development Co., Ltd. Representative : Yang, Jung-Tang	2,259,567	4.77%	0	0.00%	0	0.00%	Yang, Jung-Tang	Chairman of Xiang-Hui Development Co., Ltd.	None
Chiu-Chang Investment Co., Ltd Representative : Wang, Yi-Hua	1,838,807	3.88%	0	0.00%	0	0.00%	Liang, Chin-Li	Spouse of the representative of Chiu-Chang Investment Co., Ltd.	None
Liang, Chin-Li	1,670,688	3.53%	38,990	0.08%	0	0.00%	Chiu-Chang Investment Co., Ltd	The representative of Chiu-Chang Investment Co., Ltd is the spouse of Liang, Chin-Li	None
Kao, Hsin-Ming	1,240,662	2.62%	0	0.00%	0	0.00%	None	None	None
Sumitomo Chemical Engineering Co., Ltd. Representative : Tsutomu Konaka	1,200,421	2.54%	0	0.00%	0	0.00%	None	None	None
Far Eastern International Bank Trust Account - Acter Co. Ltd.	1,200,000	2.54%	0	0.00%	0	0.00%	None	None	None
Hu, Tai-Tsen	1,101,401	2.33%	5,156	0.01%	0	0.00%	None	None	None
Yang, Jung-Tang	884,495	1.87%	0	0.00%	0	0.00%	Xiang-Hui Development Co., Ltd.	Chairman of Xiang-Hui Development Co., Ltd.	None
Yuanji Development Co., Ltd. Representative : Lin, Shu-E	768,000	1.62%	0	0.00%	0	0.00%	None	None	None
Chang, Shu-Hui	657,536	1.39%	0	0.00%	0	0.00%	None	None	None

x. Status of the Continuing Education of Directors and Supervisors

Title	Name	Host Organization	Course	Continuing Education Hours	In Line with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies"
Chairman	Liang, Chin-Li	Accounting Research and Development Foundation	1. Management-By-Objective (MBO) and KPI practical training	6	Yes
		Accounting Research and Development Foundation	2. International tax planning	3	Yes
		Securities & Futures Institute, ROC	3. Economic cycles and business management	3	Yes
		Securities & Futures Institute, ROC	4. How should directors and supervisors interpret the company's financial information	3	Yes
		Taiwan Corporate Governance Association	5. Good shareholders' meeting practices and ways of resolving intentional disruption	3	Yes
		Securities & Futures Institute, ROC	6. IFRSs adoption seminar for corporate representatives	3	Yes
		Taiwan Securities Association	7. Common responses to disputes and risks in China investments	3	Yes
		Taiwan Securities Association	8. The struggle for corporate control and corporate governance	3	Yes
		Securities & Futures Institute, ROC	9. Business integrity and social responsibility	3	Yes
		Chinese National Association of Industry and Commerce, Taiwan	10. A talk about tax planning from the perspective of corporate governance - technology investment and utilization of the Enterprises Mergers and Acquisitions Act	3	Yes
		Taiwan Corporate Governance Association	11. Group management	3	Yes
		Securities & Futures Institute, ROC	12. Exploration about employee remuneration strategy and tool application	3	Yes
		Taiwan Corporate Governance Association	13. Strategy and Execution	3	Yes
Director	Yang, Jung-Tang	Securities & Futures Institute, ROC	1. Practical workshop for directors and supervisors (including independent directors)	12	Yes
		Securities & Futures Institute, ROC	2. Prevention and avoidance of new forms of insider trading	3	Yes
		Accounting Research and Development Foundation	3. Financial planning using "Treasury Stocks" - strategy and practice	3	Yes
		Accounting Research and Development Foundation	4. Discounts and premiums in corporate valuation	3	Yes

Title	Name	Host Organization	Course	Continuing Education Hours	In Line with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies"
		Taiwan Corporate Governance Association	5. Remuneration committee's new challenges and international governance trends	3	Yes
		Taiwan Corporate Governance Association	6. CSR - threats and opportunities in the pursuit of sustainability	3	Yes
		Taiwan Corporate Governance Association	7. Corporate governance-related disputes in mergers and acquisitions	3	Yes
		Securities & Futures Institute, ROC	8. Latest Company Act amendments and the disregard of corporate personality	3	Yes
		Taiwan Corporate Governance Association	9. An economic analysis of Taiwan and the global situation in a post-QE era	3	Yes
		Securities & Futures Institute, ROC	10. Directors and supervisors and analysis of individual income tax	3	Yes
		Taiwan Securities Association	11. Legal liabilities of business bribery and case studies	3	Yes
		Securities & Futures Institute, ROC	12. The recognizability of not meeting with conventional behaviors of business for internal personnel of the Company and the exertion of rule for business verdict	3	Yes
		Accounting Research and Development Foundation	13. The legal obligation of receiving rebates during the procurement and sales process of the companies and analysis of practical cases by the investigation of prosecutors unit	3	Yes
		Taiwan Corporate Governance Association	14. How to conduct protection measures on business confidentiality and fraud as well as enhance company governance	3	Yes
Director	Hu, Tai-Tsen	Accounting Research and Development Foundation	1. Responsibilities, response strategies and case studies on insider trading	3	Yes
		Accounting Research and Development Foundation	2. Strengthening corporate structure for better governance	3	Yes
		Accounting Research and Development Foundation	3. Practical study on the latest Company Act and Business Mergers And Acquisitions Act	3	Yes

Title	Name	Host Organization	Course	Continuing Education Hours	In Line with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies"
		Accounting Research and Development Foundation	4. Practical case study on the most recent shareholders' meeting	3	Yes
		Securities & Futures Institute, ROC	5. How should directors and supervisors interpret the company's financial information	3	Yes
		Securities & Futures Institute, ROC	6. Directors' and supervisors' responsibilities and authorities in a proper corporate governance structure	3	Yes
		Accounting Research and Development Foundation	7. International financial reporting standards related to financial statement preparation	3	Yes
		Taiwan Corporate Governance Association	8. Corporate social responsibilities and business integrity	3	Yes
		Securities & Futures Institute, ROC	9. Litigation procedures for insider trading and corporate crimes	3	Yes
		Taiwan Corporate Governance Association	10. Corporate governance and local regulations	3	Yes
		Taiwan Corporate Governance Association	11. Practical guide on shareholders' meeting conflicts	3	Yes
		Taiwan Corporate Governance Association	12. How IFRS affects directors' and supervisors' governance of the company (elementary)	3	Yes
		Taiwan Corporate Governance Association	13. Shareholders' meeting best practices	3	Yes
		Taiwan Corporate Governance Association	14. Share ownership planning and director/supervisor election for TSEC/GTSM listed companies	3	Yes
		Taiwan Corporate Governance Association	15. How do non-financial directors and supervisors review financial statements and internal control?	3	Yes
		Taiwan Securities Association	16. Discussion on entrepreneur operations and relevant tax system	3	Yes
		Taiwan Corporate Governance Association	17. The court is not what I thought? It prospects the specified timing of significant event of insider trading from the recent trend of jurisdictional and trial cases.	3	Yes
		Taiwan Corporate Governance Association	18. How to conduct protection measures on business confidentiality and fraud as well as enhance company governance	3	Yes

Title	Name	Host Organization	Course	Continuing Education Hours	In Line with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies
Director	Kao, Hsin-Ming	Securities & Futures Institute, ROC	1. Asset security and income tax planning	3	Yes
		Taiwan Corporate Governance Association	2. Maintaining optimal performance and ensuring sustainability in a globalized market	3	Yes
		Securities & Futures Institute, ROC	3. Share ownership and tax planning	3	Yes
		Taiwan Corporate Governance Association	4. An economic analysis of Taiwan and the global situation in a post-QE era	3	Yes
		Taiwan Corporate Governance Association	5. Taiwan's strategies in developing the cloud-based intellectual industry from the perspective of global industrial trends	3	Yes
		Taiwan Corporate Governance Association	6. Discussion on entrepreneur operations and relevant tax system	3	Yes
		Taiwan Corporate Governance Association	7. Outlook for the global foreign exchange market	3	Yes
Independent Director (Note1)	Yeh, Hui-Hsin	ROC Certified Public Accountant Organization	1. How to assist customers to adopt IFRS	3	Yes
		ROC Certified Public Accountant Organization	2. Practical IFRS workshop for local companies	3	Yes
		ROC Certified Public Accountant Organization	3. Protecting taxpayers' interests - an administrative litigation perspective (1)	3	Yes
		ROC Certified Public Accountant Organization	4. Protecting taxpayers' interests - an administrative litigation perspective (2)	3	Yes
		ROC Certified Public Accountant Organization	5. Training course for certified valuation analysts (Taichung)	36	Yes
		ROC Certified Public Accountant Organization	6. How Company Act and Securities and Exchange Act amendments affect shareholders and board of directors meetings in 2012	3	Yes
		ROC Certified Public Accountant Organization	7. Directors'/supervisors' responsibilities - a corporate governance perspective	3	Yes
		ROC Certified Public Accountant Organization	8. Regulations and practices regarding independent directors	3	Yes
		Securities & Futures Institute, ROC	9. Business integrity and CSR seminar for TSEC/GTSM listed companies	3	Yes

Title	Name	Host Organization	Course	Continuing Education Hours	In Line with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies"
		ROC Certified Public Accountant Organization	10. New system company law and upcoming practical analysis	3	Yes
		Securities & Futures Institute, ROC	11. The issue how to exert the function of profit acceleration the Board affiliated Functional Committee	3	Yes
		Taiwan Corporate Governance Association	12. Taiwanese company with American Antitrust Law-the reasons why you shall concerned about and what you shall know	3	Yes
Independent Director	Yang, Qian	Securities & Futures Institute, ROC	1. The norm of competition behavior in right of management and analysis of practical cases	3	Yes
		Taiwan Corporate Governance Association	2. From the book "The Effective Board", to review the promotion of efficiency of the boards in domestic enterprises	3	Yes
Independent Director	Wang, Mao-Rong	Taiwan Corporate Governance Association	1. The recognitions that directors and supervisors shall have in operating derivatives of companies	3	Yes
		Taiwan Corporate Governance Association	2. Independent Directors Training Courses	18	Yes
Director (Note2)	Hsu, Chung-Cheng	Accounting Research and Development Foundation	1. Responsibilities, response strategies and case studies on insider trading	3	Yes
		Securities & Futures Institute, ROC	2. How should directors and supervisors interpret the company's financial information	3	Yes
		Securities & Futures Institute, ROC	3. Directors' and supervisors' responsibilities and authorities in a proper corporate governance structure	3	Yes
		Accounting Research and Development Foundation	4. Practical case study on the most recent shareholders meeting	3	Yes
		GreTai Securities Market	5. Seminar on insider equity holdings of GTSM and Emerging Stock Market listed companies	3	Yes
		Taiwan Corporate Governance Association	6. Functionalities and key points of the remuneration committee	3	Yes
		Securities & Futures Institute, ROC	7. Tax implications on directors, supervisors and cross-border remittance	3	Yes

Title	Name	Host Organization	Course	Continuing Education Hours	In Line with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies"
		Securities & Futures Institute, ROC	8. Policy and case studies on insider market manipulation	3	Yes
		Securities & Futures Institute, ROC	9. Legal liabilities of directors and supervisors in untruthful financial statements and risk control - based on real examples	3	Yes
		Securities & Futures Institute, ROC	10. The measure and countermeasure of shareholding by directors and supervisors and 50% off tax credit for dividends	3	Yes
Independent Director (Note2)	Chao, Rong-Shiang	Accounting Research and Development Foundation	1. How internal auditors can build an all-round risk management system	6	Yes
		Accounting Research and Development Foundation	2. Case study on tax-related administrative remedies	6	Yes
		Securities & Futures Institute, ROC	3. IFRSs adoption seminar for corporate representatives	3	Yes
		Financial Supervisory Commission, R.O.C	4. The 7th corporate governance forum	3	Yes
		Securities & Futures Institute, ROC	5. Business integrity and CSR seminar for TSEC/GTSM listed companies	3	Yes
		Taiwan Corporate Governance Association	6. An economic analysis of Taiwan and the global situation in a post-QE era	3	Yes
		Securities & Futures Institute, ROC	7. Business integrity and CSR seminar for TSEC/GTSM listed companies	3	Yes
Independent Director (Note2)	Wang, Pai-Lu	Securities & Futures Institute, ROC	1. Practical workshop for directors and supervisors (including independent directors)	12	Yes
		Taiwan Corporate Governance Association	2. Functionality of independent directors and the audit committee	3	Yes
		Taiwan Corporate Governance Association	3. Functionalities and key points of the remuneration committee	3	Yes
		Taiwan Corporate Governance Association	4. An economic analysis of Taiwan and the global situation in a post-QE era	3	Yes
		Chinese National Association of Industry and Commerce, Taiwan	5. Corporate governance in Taiwan from the perspective of international finance	3	Yes

Title	Name	Host Organization	Course	Continuing Education Hours	In Line with "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and GTSM Listed Companies"
Supervisor (Note2)	Wu, Pi-Huei	Securities & Futures Institute, ROC	1. Directors' and supervisors' responsibilities and authorities in a proper corporate governance structure	3	Yes
		Securities & Futures Institute, ROC	2. Prevention and avoidance of new forms of insider trading	3	Yes
		Securities & Futures Institute, ROC	3. Directors' and supervisors' performance and decisioning principles	3	Yes
		Accounting Research and Development Foundation	4. Financial planning using "Treasury Stocks" - strategy and practice	3	Yes
		Accounting Research and Development Foundation	5. Discounts and premiums in corporate valuation	3	Yes
		Taiwan Corporate Governance Association	6. Remuneration committee's new challenges and international governance trends	3	Yes
		Taiwan Corporate Governance Association	7. An economic analysis of Taiwan and the global situation in a post-QE era	3	Yes
		Securities & Futures Institute, ROC	8. Directors and supervisors and analysis of individual income tax	3	Yes
Supervisor (Note2)	Winsite Co., Ltd. Legal Representative : Shih, Tung	GreTai Securities Market	1. Seminar on insider equity holdings of GTSM and Emerging Stock Market listed companies	3	Yes
		Taiwan Corporate Governance Association	2. Operation practice of independent directors	3	Yes
		Taiwan Corporate Governance Association	3. Share ownership planning and director/supervisor election for TSEC/GTSM listed companies	3	Yes
		Taiwan Corporate Governance Association	4. Creating shared value for enterprises and society taking advantage of CSR	3	Yes

Note1: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Independent Supervisor Yeh, Hui-Hsin was re-elected to be an Independent Director.

Note2: On May 28, 2015, the company re-elected members of the Board of Directors and established an audit committee, which replaced supervisors. Those directors and supervisors were dismissed.

xi. The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company

As of Dec. 31, 2015

Long-Term Investment (Note 1)	Ownership by Acter		Ownership by directors and supervisors, managers, and any companies controlled either directly or indirectly by the company		Total Ownership	
	Shares	%	Shares	%	Shares	%
HER SUO ENG., CO., LTD.	10,000,000	100%	0	0%	10,000,000	100%
NOVA TECHNOLOGY CORP.	22,166,889	87.41%	138,135	0.54%	22,305,024	87.95%
ENRICH TECH CO., LTD	3,600,000	60%	0	0%	3,600,000	60%
WINMEGA TECHNOLOGY CORP.	0	0%	1,500,000	87.41%	1,500,000	87.41%
SHENG HUEI INTERNATIONAL CO., LTD	4,204,773.82	100%	0	0%	4,204,773.82	100%
NOVA TECHNOLOGY SINGAPORE PTE., LTD.	2,700,000	100%	0	0%	2,700,000	100%
NOVA TECHNOLOGY MALAYSIA SDN BHD	0	0%	1,000,000	100%	1,000,000	100%
PT. NOVAMEX INDONESIA	0	0%	500,000	100%	500,000	100%
ACTER ENGINEERING CO.,LTD.	0	0%	25,000	100%	25,000	100%
ACTER INTERNATIONAL LIMITED	0	0%	500,000	100%	500,000	100%
NEW POINT GROUP LIMITED	0	0%	200,000	100%	200,000	100%
SHENG HUEI (SUZHOU) ENGINEERING CO., LTD.	0	0%	Note 2	100%	Note 2	100%
SHENG HUEI (SHENZHEN) ENGINEERING CO., LTD.	0	0%	Note 2	100%	Note 2	100%
SHENZHEN DINGMAO TRADE CO.,LTD	0	0%	Note 2	100%	Note 2	100%
ZHANGJIAGANG FREE TRADE ZONE FUYUINTERNATIONAL TRADE CO.,LTD.	0	0%	Note 2	100%	Note 2	100%
SHENG-HUEI ENGINEERING TECHNOLOGY CO., LTD.	0	0%	Note 2	100%	Note 2	100%
WINMAX TECHNOLOGY CORP.	0	0%	Note 2	87.41%	Note 2	87.41%
SCEC (SUZHOU) CORP.	0	0%	Note 2	57.81%	Note 2	57.81%
SCEC(SHANGHAI) CORP.	0	0%	Note 2	57.81%	Note 2	57.81%
GLOBAL ONE SOURCE LIFE SCIENCES CO. LTD.	0	0%	Note 2	40%	Note 2	40%

Note1: Investments accounted for using the equity method.

Note2: Limited Company.

IV. Capital Overview

i. Capital and Shares

1. Source of Capital

Unit : NT\$/Share

Month/ Year	Offering Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
01/2002	10	5,000,000	50,000,000	5,000,000	50,000,000	Changed to the shareholding system The paid-in capital was NT\$50,000 thousand	None	Note 1
03/2002	10	5,000,000	50,000,000	5,000,000	50,000,000	NT\$50,000 thousand	None	Note 2
05/2002	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash Capital Increase of NT\$50,000 thousand	None	Note 3
05/2004	10	18,000,000	180,000,000	12,000,000	120,000,000	Cash Capital Increase of NT\$9,000 thousand Capitalization of Profit NT\$11,000 thousand	None	Note 4
06/2004	10	18,000,000	180,000,000	13,334,000	133,340,000	Cash Capital Increase of NT\$13,340 thousand	None	Note 5
12/2004	10	26,000,000	260,000,000	20,000,000	200,000,000	Cash Capital Increase of NT\$66,660 thousand	None	Note 6
07/2005	10	26,000,000	260,000,000	23,000,000	230,000,000	Capitalization of Profit NT\$30,000 thousand	None	Note 7
08/2006	10	26,000,000	260,000,000	26,000,000	260,000,000	Capitalization of Profit NT\$30,000 thousand	None	Note 8
05/2009	10	72,000,000	720,000,000	35,155,065	351,550,650	Cash Capital Increase of NT\$25,000 thousand Conversion of Shares NT\$ 66,550,650	None	Note 9
07/2010	10	72,000,000	720,000,000	36,912,819	369,128,190	Capitalization of Profit NT\$17,577,540	None	Note 10
11/2010	10	72,000,000	720,000,000	41,535,819	415,358,190	Cash Capital Increase of NT\$46,230 thousand	None	Note 11
12/2011	10	72,000,000	720,000,000	46,135,819	461,358,190	Cash Capital Increase of NT\$46,000 thousand	None	Note 12

Month/ Year	Offering Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
02/2015	10	72,000,000	720,000,000	46,615,819	466,158,190	Issue of restricted shares for employees NT\$4,800 thousand	None	Note 13
02/2016	10	72,000,000	720,000,000	47,335,819	473,358,190	Issue of restricted shares for employees NT\$7,200 thousand	None	Note 14

Note1: Approved no. Jing So Chung Zi 09131559950, 01/14/2002 for the change of corporate organization to a company limited by stock.

Note2: Approved no. Jing So Chung Zi 09131821100, 03/15/2002 for the change of company name to Acter Co., Ltd.

Note3: Approved no. Jing So Chung Zi 09101180760, 05/29/2002

Note4: Approved no. Jing So Chung Zi 09332148850, 05/21/2004

Note5: Approved no. Jing So Chung Zi 09332275530, 06/17/2004

Note6: Approved no. Jing So Chung Zi 09333145630, 12/08/2004

Note7: Approved no. Jing So Chung Zi 09432493840, 07/20/2005

Note8: Approved no. Jing So Chung Zi 09532720880, 08/22/2006

Note9: Approved no. Jing So Chung Zi 09832194870, 05/11/2009

Note10: Approved no. Jing So Chung Zi 09932364500, 07/28/2010

Note11: Approved no. Jing So Chung Zi 09932852750, 11/18/2010

Note12: Approved no. Jing So Chung Zi 10032805930, 12/01/2011

Note13: Approved no. Fu So Jing Shang Zi 10407053170, 02/04/2015

Note14: Approved no. Fu So Jing Shang Zi 10507055610, 02/02/2016

2. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	47,335,819(Note)	24,664,181	72,000,000	GTSM Listed Company Stock

Note1: 1, 200,000 shares of Restricted Employee Shares Granted are under Custody.

3. Information for Shelf Registration: Not applicable.

ii. Composition of Shareholders

As of April 2, 2016

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	1	41	6,096	33	6,171
Shareholding (Shares)	0	117,000	7,516,440	36,437,050	3,265,329	47,335,819
Percentage	0.00%	0.25%	15.87	76.98%	6.90%	100.00%

iii. Shareholding Distribution Status

1. Common Shares (The par value for each share is NT\$10)

As of April 2, 2016

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	607	100,150	0.21%
1,000 ~ 5,000	4,632	8,659,978	18.29%
5,001 ~ 10,000	460	3,613,656	7.63%
10,001 ~ 15,000	170	2,160,031	4.56%
15,001 ~ 20,000	95	1,730,316	3.66%
20,001 ~ 30,000	68	1,714,692	3.62%
30,001 ~ 50,000	41	1,668,865	3.52%
50,001 ~ 100,000	40	2,710,515	5.73%
100,001 ~ 200,000	20	2,883,252	6.09%
200,001 ~ 400,000	21	6,122,580	12.93%
400,001 ~ 600,000	7	3,150,207	6.66%
600,001 ~ 800,000	2	1,425,536	3.01%
800,001 ~ 1,000,000	1	884,495	1.87%
1,000,001 or over	7	10,511,546	22.22%
Total	6,171	47,335,819	100.00%

2. Preferred Shares

The Company did not issue any preferred share.

iv. List of Major Shareholders

As of April 2, 2016

Shareholder's Name	Shareholding	
	Shares	Percentage
Xiang-Hui Development Co., Ltd.	2,259,567	4.77%
Chiu-Chang Investment Co., Ltd	1,838,807	3.88%
Liang, Chin-Li	1,670,688	3.53%
Kao, Hsin-Ming	1,240,662	2.62%
Sumitomo Chemical Engineering Co., Ltd.	1,200,421	2.54%
Far Eastern International Bank Trust Account - Acter Co. Ltd.	1,200,000	2.54%
Hu, Tai-Tsen	1,101,401	2.33%
Yang, Jung-Tang	884,495	1.87%
Yuanji Development Co., Ltd.	768,000	1.62%
Chang, Shu-Hui	657,536	1.39%
Total	12,821,577	27.09%

v. Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$; Thousand Shares

Item	2014	2015	2016/01/01-2016/04/06 (Note 4)
Market Price per Share			
Highest Market Price	129.50	98.00	90.00
Lowest Market Price	71.90	64.00	76.20
Average Market Price	108.32	82.34	84.90
Net Worth per Share			
Before Distribution	56.01	63.28	64.91
After Distribution	54.01	57.28 (Note 5)	Not Applicable
Earnings per Share			
Weighted Average Shares (thousand shares)	46,136	46,136	46,136
Diluted Earnings Per Share	2.06	9.02	1.63
Adjusted Diluted Earnings Per Share	2.06	9.02	Not Applicable
Dividends per Share			
Cash Dividends	2	6 (Note 5)	Not Applicable
Stock Dividends			
• Dividends from Retained Earnings	0	0	Not Applicable
• Dividends from Capital Surplus	0	0	Not Applicable
Accumulated Undistributed Dividends	0	0	Not Applicable
Return on Investment			
Price / Earnings Ratio (Note 1)	52.58	9.13	Not Applicable
Price / Dividend Ratio (Note 2)	54.16	13.72	Not Applicable
Cash Dividend Yield Rate (Note 3)	1.85%	7.29%	Not Applicable

Note1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note4: The data of net worth per share and earnings per share were from the latest audited financial statement.

Note5: The distribution of earnings for 2015 shall be determined by the 2016 Annual General Shareholders' Meeting.

vi. Dividend Policy and Implementation Status

1. Dividend Policy

- (1) The dividend policy according to the Article of Incorporation provides as follows.

Article 27 The company's profit following annual closing, if any, shall be distributed in the following order:

- A. Remit tax;
- B. Compensate loss;
- C. 10% legal reserve, unless the amount of legal reserve has reached the total capital amount;
- D. Special reserve in accordance with law and the competent authority.
- E. Certain parts of the balance shall be included into accumulated undistributed profit from previous year based on the company's current environment,

growth stage and long term financial planning. The board of directors will distribute the remaining amount as shareholder dividend based on the capital situation and economic development of the current year. Cash dividend shall account for 10% or more of the total shareholder dividend and shall be proposed by the board of directors and submitted to the shareholder meeting for resolution.

- (2) According to the company's dividend policy, the distributed shareholder dividend was not less than 30% of the current undistributed profit since the past years. Please refer to the company's website at www.acter.com.tw→Investors→Stock quote & Dividends history.

2. Proposed Distribution of Dividend

The proposal for distribution of 2015 profits was passed at the Meeting of the Board of Directors on Feb. 25, 2016. This proposal, a cash dividend of NT\$284, 014, 914(NT\$6 per share), will be discussed at the annual shareholders' meeting on May 31, 2016.

vii. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting

There was no stock dividend distribution proposed or adopted at the most recent shareholders' meeting.

viii. Compensation of employees, directors and supervisors

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation.

When distributing the surplus profits for each fiscal year, the company shall first offset its losses of previous years and set not less than three percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to employees; and then set not more than five percent of the profit before tax excluding the amount of employees' and directors' compensation as compensation to directors.

2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

- (1) The basis for estimating the amount of employee, director, and supervisor compensation

Please refer to viii.1 Policy.

- (2) The company doesn't distribute employee compensation in stock for the current period.

- (3) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

Shall there be any difference between the actual distributed amount and the estimated figure, it will be deemed as the changes in accounting estimates and will be recognized in the profit and loss account of the distributing year.

3. Information on any approval by the board of directors of distribution of compensation
 - (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.
 - A. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors.
The proposal was passed at the Meeting of the Board of Directors on Feb. 25, 2016. The employee cash compensation is NT\$42,432,773 and the compensation for directors is NT\$21,216,387.
 - B. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: None.
 - (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation.
None.
4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated
 - (1) The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) are as follows.
Employee compensation: NT\$3,457,308.
The compensation for directors and supervisors: NT\$1,707,313.
 - (2) If there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: None.

ix. Buyback of Treasury Stock

None.

x. Issuance of Corporate Bonds

None.

xi. Issuance of Preferred Stock

None.

xii. Issuance of Global Depository Receipts

None.

xiii. Employee Stock Options

None.

xiv. New Restricted Employee Stocks

1. Issuance of Restricted Employee Shares

April 6, 2016

Type of Restricted Shares	1 st Issuance of restricted employee shares	2 nd Issuance of restricted employee shares
Approval Date by the Authority	2015/01/12	2015/06/12
Grant Date	2015/01/26	2016/01/11
Number of Restricted Employee Shares Granted	480,000	720,000
Price of Issuance	0	0
Percentage of Restricted Employee Shares to Outstanding Common Shares	1.03%	1.52%
Conditions for Exercise of Restricted Employee Shares	Vesting conditions are based on the years of service and financial performance which are both achieved.	Vesting conditions are based on the years of service and financial performance which are both achieved.
Limitations to the Rights of Restricted Employee Shares	<p>Restricted rights before employees meet the vesting conditions :</p> <p>(a) During the vesting term, the new restricted employee shares may not be sold, pledged, transferred, donated or otherwise disposed of.</p> <p>(b) The new restricted employee shares carry the same rights as other outstanding common shares, including dividends, bonuses, and additional paid-in capital except non-transferability of the stocks prior to the achievement of vesting conditions.</p> <p>(c) The Trust Custodian shall attend the Annual Meeting of Shareholders, submit the proposals, make the statements, exercise the voting rights and conduct other factors relevant to the shareholders' equity by proxy for the employees who received the new restricted employee shares, prior to the achievement of vesting conditions.</p>	<p>Restricted rights before employees meet the vesting conditions :</p> <p>(a) During the vesting term, the new restricted employee shares may not be sold, pledged, transferred, donated or otherwise disposed of.</p> <p>(b) The new restricted employee shares carry the same rights as other outstanding common shares, including dividends, bonuses, and additional paid-in capital except non-transferability of the stocks prior to the achievement of vesting conditions.</p> <p>(c) The Trust Custodian shall attend the Annual Meeting of Shareholders, submit the proposals, make the statements, exercise the voting rights and conduct other factors relevant to the shareholders' equity by proxy for the employees who received the new restricted employee shares, prior to the achievement of vesting conditions.</p>
Custody of Restricted Employee Shares	Before employees fulfill vesting conditions, all the assigned shares will be entrusted first in accordance with the Company's "Restrict Stock Awards Plan."	Before employees fulfill vesting conditions, all the assigned shares will be entrusted first in accordance with the Company's "Restrict Stock Awards Plan II."
Procedures for Non-Compliance of the	After Company shall redeem and cancel all new restricted employee shares from	After Company shall redeem and cancel all new restricted employee shares for

Type of Restricted Shares	1 st Issuance of restricted employee shares	2 nd Issuance of restricted employee shares
Conditions	any employee whom received the new restricted employee shares but fail to meet the vesting conditions.	free from any employee whom received the new restricted employee shares but fail to meet the vesting conditions.
Number of Restricted Employee Shares Bought Back	0	0
Number of Restricted Employee Shares Free from Custody	0	0
Number of Restricted Employee Shares under Custody	480,000	720,000
Number of Restricted Employee Shares under Custody to Outstanding Common Shares (%)	1.03%	1.52%
Impact on Shareholders' Equity	The number of new restricted employee shares proposed to be issued is 480,000 common shares. Based on the market closed price of NT\$83 on Jan. 13, 2015, the potential dilution of EPS from 2015 to 2018 is estimated at NT\$0.41, NT\$0.28, NT\$0.15 and NT\$0.01 respectively.	The number of new restricted employee shares proposed to be issued is 720,000 common shares. Based on the market closed price of NT\$67.7 on Jun. 12, 2015, the accumulative potential dilution of EPS from 2015 to 2018 is estimated to be NT\$1.03. (Average NT\$0.34 each year) Since the potential dilution of EPS is limited, it shall not have any material impact on shareholders' equity.

2. Information on Name of Managers and Top 10 Employees Obtaining Restricted Employee Shares

April 6, 2016

	Title	Name	Number of Restricted Shares	Number of Restricted Employee Shares to Outstanding Common Shares	Free from the Trust				Under the Trust			
					Number of Restricted Employee Shares Free from Custody	Price of Issuance	Total Amount of Issuance	Number of Restricted Employee Shares Free from Custody to Outstanding Common Shares (%)	Number of Restricted Employee Shares Under Custody	Price of Issuance	Total Amount of Issuance	Number of Restricted Employee Shares under Custody to Outstanding Common Shares (%)
Manager	CEO	Liang, Chin-Li	776,000	1.64%	0	0	0	0.00%	776,000	0	0	1.64%
	President	Hsu, Chung-Cheng										
	Senior Vice President	Chang, Ching-Chuan										
	Vice President	Lai, Ming-Kun										
	Assistant Vice President	Li, Po-Sheng										
	Assistant Vice President	Fan, Kuo-Ping										
	Assistant Vice President	Chang, Ri-Dong										
	Assistant Vice President	Cheng, Chieh-Chung										
	Assistant Vice President	Wang, Chun-Sheng										
Manager of Financial Division	Tsao, Yun-Han											
Employee	Manager	Lin, Jing-Yi	388,000	0.82%	0	0	0	0.00%	388,000	0	0	0.82%
	Manager	Chen, Yuan-Bi										
	Manager	Yang, Huei-Bao										
	Manager	Lan, Rong-Sing										
	Manager	Zuo, Cing-Fu										
	Manager	Li, Ming-Jhih										
	Manager	Lin, Guo-Li										
	Manager	Li, Shih-Huei										
	Manager	Wang, Jin-Cyuan										
Manager	Zeng, Huei-Syong											

xv. Status of New Shares Issuance in Connection with Mergers and Acquisitions

None.

xvi. Financing Plans and Implementation

None.

V. Operational Highlights

i. Business Activities

1. Business Scope

- (1) Main areas of business operations
 - A. Turnkey engineering projects.
 - B. Cleanroom engineering.
 - C. Bio-medical engineering.
 - D. Energy technology services.
 - E. Air-conditioning electromechanical engineering.
 - F. Ice storage projects.
 - G. Industrial ventilation engineering.
 - H. Constant-temperature constant-humidity engineering.
 - I. Design and construction of pure water as well as wastewater systems.
 - J. Environmental engineering.
 - K. Water, gas, and chemical system integration engineering services for high-tech processes.
 - L. Design and construction of high-purity chemical supply systems.
 - M. Design and construction of high-purity gas supply systems.
 - N. Design and construction of volatile organic gas processing systems.
 - O. Design and construction of CMP solution supply systems.
 - P. Design and construction of shared systems for entire plants.
 - Q. Repair and maintenance engineering.
 - R. High-tech equipment/materials sales and services.
- (2) Revenue distribution

Unit ; NT\$ thousand ; %

Major Divisions	Total Sales in Year 2015	(%) of total sales
Construction Revenue	6,974,481	81.49%
Sales	1,552,071	18.13%
Other Operating Revenue	32,216	0.38%
Total	8,558,768	100%

(3) Main products(Services)

Currently, our primary services include the design and construction of cleanrooms, electromechanical equipment, and process pipelines for high-tech electronics and biomedical industries. In particular, we specialize in turnkey services (responsible for the overall design, construction, testing, and verification of integrated system solutions). Our services include the following (categorized according to services provided as well as industry type):

- A. Cleanroom engineering for high-tech factory construction.
- B. Full-plant electromechanical system integration for high-tech factory construction.

- C. Full-plant electromechanical system integration for biomedical technology facilities.
 - D. Air-conditioning electromechanical engineering for traditional industries.
 - E. Other general electromechanical engineering and customer services.
- (4) New products (Services) planned for development
- A. Green energy certification
 - B. Pollution control project
 - C. Purified water (extra-purified water) project
 - D. Water recycling and desalination system
 - E. Pre-fabrication technique for large cement tanks

2. Industry Overview

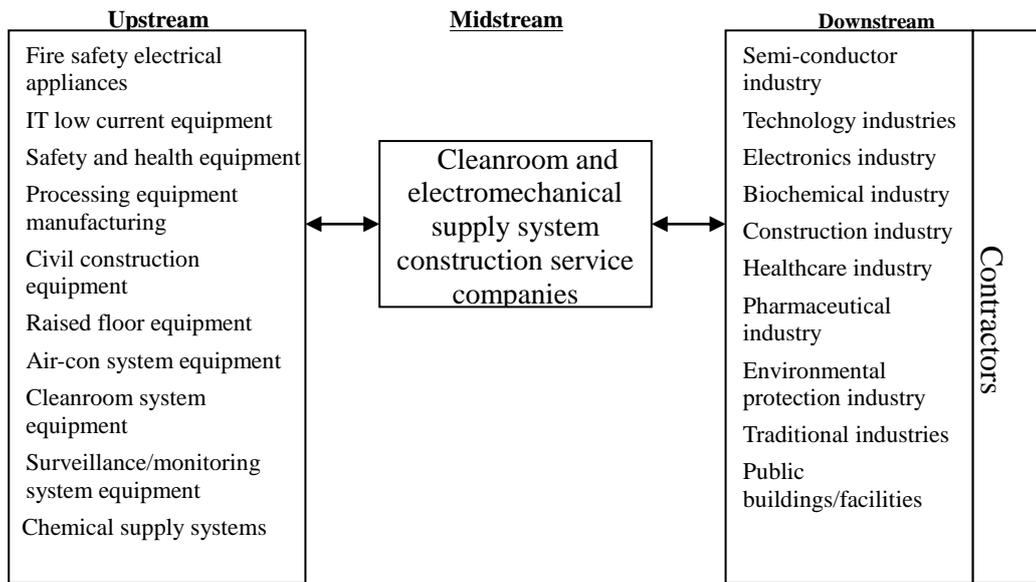
(1) Current Status and Development of the Industry

Due to economic recession and challenges of the macro environment in recent years, the company has encountered drastic competition in the market. As a result, there was price competition in the engineering industry which includes electricity and machine rooms and cleanrooms. In some cases, profitability declined due to lower prices from competitors. In addition, large-scale construction suppliers offered turnkey solutions that enabled them to gain control of the electricity and machine engineering market, which led to greater competition in the electricity, machine and cleanroom engineering industry.

In the business environment, a weak growth momentum is expected to continue in 2016 based on the estimated growth rate of 3.1% in 2015. This is according to the IMF's global economic outlook. The global economy is expected to have a growth rate of 3.4%. It is also estimated to slip to 6.3 % with the decline in the 2016 economic growth rate of China and Southeast Asia at 4.8%. Acter is committed to creating valuable projects and reduces the financial burden of its clients through innovative technologies and special engineering methods. In addition, it reduces overhead expense and engineering construction risks. It also forms a stable and cooperative relationship with suppliers for effective cost control and improvement of price competition in construction engineering.

(2) The Links between the Upstream, Midstream and Downstream segments of the Industry

The cleanrooms and electromechanical systems integration engineering services industry encompasses construction contractors and construction materials, equipment, and subcontractors, providing customers with full-plant electromechanical and cleanroom turnkey engineering services based on contractor requirements, by combining engineering disciplines and technologies from various professional fields. The relationships between upstream, midstream, and downstream service providers are shown in the figure below:



(3) Development Trends for the Company's Products

- A. The systems integration engineering services industry is becoming increasingly important.
- B. There is a trend towards joint venture projects or cross-industry alliances and turnkey services.
- C. Safety and quality requirements are becoming increasingly strict.
- D. Energy conservation and environmental protection awareness is on the rise.
- E. User-friendly spatial integration is becoming increasingly popular.
- F. High-tech product life cycles are becoming shorter, resulting in an increased need to quickly and safely adjust production lines.
- G. Health awareness and preventive healthcare has become mainstream, creating a wealth of opportunities for the biotech industry.

(4) Competition for the Company's Products

Engineering services have been a cornerstone for the advancement of civilization and industry. Human knowledge and intellect are continuing to evolve, while the industrial engineering market undergoes rapid changes. The key to survival and rapid growth in this highly competitive environment is being able to keep up with the pace of change. With competition between both foreign and domestic engineering service providers becoming increasingly fierce, economies of scale, increased efficiency, and integrated services are the keys to success. Sound engineering practices and professional techniques have always been critical to the expansion of engineering businesses and to the creation of new opportunities. The ability to quickly obtain sources of raw materials as well as provide customers with rapid and advanced engineering services will dictate whether or not a service

provider will be able to achieve industry-leading status in today's competitive environment. This is why Acter continues to engage in the development of new system integration techniques, as well as research ways to conserve energy, with an emphasis on inter-system compatibility, in order to meet the integration needs of plant-wide systems.

3. Research and Development

(1) Technology and Research Development

System integration engineering techniques are different from those of other industries and involve the rearrangement of working techniques and equipment in order to achieve higher levels of performance. In addition, based on the requirements of the client industry, professional expertise from the fields of architecture, electromechanical engineering, air conditioning, fire prevention, instrumentation control, pipeline distribution, and project management need to be integrated and tailored to fit the customer's production environment. Since this involves a wide range of complex issues, there are usually many different service providers working independently and in parallel with each other, making it difficult to integrate all of their efforts. Furthermore, due to divisions of labor resulting in a high level of subcontracting as well as a large number of subcontractors working on relatively small parts of the overall project, engineering quality is difficult to control. In addition, different personnel and equipment need to be involved in different project phases, making the presence of experienced personnel with sound professional expertise extremely important in ensuring construction quality and on-time project delivery. Project durations are usually longer than the production times of other industries, with wider ranges of technical expertise being involved, making the accumulation of experience and sound construction techniques extremely important. In general, our company belongs to an industry with a high degree of professional division of labor and in what is considered a labor-intensive field.

(2) Research and Development expenses during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

Unit ; NT\$ thousand

Year	2015	As of April 6, 2016
Total R&D Expenses	80,566	4,603

(3) Research and Development Achievements during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

We strive to develop innovative techniques, accumulate technical experience, and enhance performance. The following is a description of some of our unique and innovative construction techniques and patents.

Category	Unique or innovative technique
Ice storage and energy conservation engineering	Taking advantage of mat foundations to store ice in order to offload peak loads
	Taking advantage of fire-extinguishing water tanks to store cold water in order to reduce the amount of space occupied and lower electricity contract capacities
Skyscrapers	Reduction of pipeline occupancy areas for ultra-cold ventilation systems 42-story general-use buildings
Special types of engineering technologies	Exclusive integrated negative-pressure SARS technology for hospitals
	The Department of Health and Welfare's dedicated bio-chemical laboratory
	Integration engineering technology of whole plant import of Tobacco manufacturer
Bio-tech engineering	Integrated technologies for the first H1N1 vaccine plant
	Cleanroom integration technologies for CGMP plants
	Integration techniques for professional bio-tech drug production (Cordyceps sinensis) plants
	Biomedical equipment plant energy conservation electromechanical integration technologies
	GTP cleanroom integration engineering technology
	Food cGMP plants integrate their technologies to reach beyond borders
	Energy saving mechatronics technology for poultry mooring and processing manufacturer
Green energy engineering	Integration of techniques in solar power supply
Cleanroom turnkey engineering	Innovative techniques for the first PDP mass production plant
	Innovative techniques for Japanese light polarization board production plants
	Innovative techniques for professional TFT glass board production plants
	Special techniques for the 6" fab turnkey project in cooperation with Sony
	Innovative techniques for Taiwan's second-largest packaging and production plant
	Innovative techniques for the plant-wide electromechanical integration of a module plant
	Innovative techniques for a soft PCB board copper film plant
	Innovative techniques for a Japanese full-plant export components factory
	Innovative techniques for the electromechanical integration of an optoelectronics chemical materials production plant
	Micro environmental innovation method of semiconductor element washing manufacturer

Patent type	Patent name
Utility model	Online dilution equipment
	Silicon wafer self-rotating and oscillating mechanism
	Silicon chip grinding & pasture agitating device
	Pump style off line automatic filtering system
	Gravity absorption style offline automatic filtering system
	R-angle fixation base
	R-angle assembly component
	Internal angle
	Decorative/corrective materials
	Connection devices used for keel frames in cleaning rooms
	External angle materials
	Windows
	Door frame materials
	Hidden suspension beam materials
	Suspension beam materials
Light tube fixation components	

Note1: The above patents were newly added in 2015.

4. Long-term and Short-term Development

(1) Short-term Development

- A. To expand the scope of operation in Southeast Asia.
- B. Energy conservation service expansion engineering.
- C. Assisting biotech companies with factory upgrades.
- D. Actively develop turnkey services for technology industries.
- E. Establish industry-academia cooperative efforts in order to develop talent.
- F. Integrate marketing services in order to boost customer satisfaction levels.
- G. Waste water and gas treatment and cremation of sludge and waste liquids.
- H. Water recycling, desalination, and zero emissions of waste water.
- I. Pre-fabrication Technique for Large Cement Tanks.

(2) Long-term Development

- A. Improve the functions of the headquarters, strengthen governance in subsidiaries and enhance enterprise culture
- B. Conduct thorough development of primary business, continuous diversification and versatility
- C. Maintain constant contact with current customers from mainland China and Southeast Asia, develop new customers, create multi-regional business, and improve investment efficiency
- D. Cooperate with international partners and continuously expand the scope of its professional service in biological, pharmaceutical and medical industries, and broaden its market share in the biotechnology industry
- E. Combine the professional manufacturing processes of gas and chemical supply systems in the treatment of liquid waste and solvent waste to create a new generation engineering integration technology and Earth-friendly technology
- F. Focus on its core technology and initiate projects that offer professional advantages
- G. Gain foothold in Chinese and Southeast Asian markets while expanding its vision to include international markets
- H. Develop an environmental, energy-saving, and green system in fulfillment of its duty as a global citizen
- I. Integrate a diversified technology and pursue an innovative engineering method that expands versatile application of its core competence

ii. Market and Sales Overview

1. Market Analysis

(1) Sales (Service) Region

Our company as well as our subsidiary companies currently provides cleanroom and electromechanical systems integration services, as well as water, gas, and chemical integration engineering services for process systems. We primarily serve the domestic, China, and Southeast Asian regions.

(2) Market Share (%)

High-tech cleanrooms and electromechanical systems integration services for industrial plants are needed in a wide range of fields and sectors including the semiconductor industry, the optoelectronic industry, as well as the biomedical industry. In addition, domestic engineering companies participate in bidding on projects across a wide range of engineering fields, therefore, market share percentages calculated based on individual industries would not be able to reflect the actual state of the market, making it difficult to calculate our company's market share based on output on a consistent basis. However, in terms of engineering scale as well as technological maturity, there are only a few engineering companies that can compete with publically listed companies, and Acter is one of the few companies that can simultaneously service the optoelectronics, electronics, biochemical drug production, and residential construction industries, with a wealth of project experience. In Common Wealth Magazine's survey of the top 1000 Greater China companies, in the service industry - engineering contractors category, Acter ranked 14th in 2014. (2015 rankings not yet announced)

(3) Demand and supply conditions for the market in the future, and the market's growth potential

A. Supply conditions for the market in the future

There are currently many service providers providing cleanroom air conditioning electromechanical engineering services in Taiwan. Electromechanical systems integration services, on the other hand, require long-term accumulation of experience and technological expertise. In some market segments, factors including professionalism of employees, company reputation, and past engineering accomplishments form entrance barriers, resulting in only a few service providers currently being able to provide professional electromechanical system integration services, with Acter being one of them.

B. Demand conditions for the market in the future

Electromechanical engineering services business opportunities are created by factory expansion, plant upgrade, or maintenance projects of customers. Primary customer groups include high-tech manufacturers, biomedical manufacturers, and hospitals. In recent years, due to innovation in the global semiconductor, optoelectronics, and other electronics-related industries, the functionality and performance of electronic products has continued to advance, creating new market demand for the electronics industry. In light of the uniqueness of the industry, businesses have to be ready for an upgrade and expansion at all times. In addition, the constantly increasing awareness of environmental protection and energy saving gives rise to the needs for mechanical and electrical engineering not only in the high-tech industry but also in the daily life. As such, the demand for integration of

mechanical/electrical systems and clean rooms continues to remain at a certain level.

C. The market's growth potential

Cleanroom electromechanical air conditioning systems are considered an important production facility for high-tech manufacturers, and particular emphasis is placed on the technological grade and sophistication of these systems. Industries, including semiconductors, optoelectronics, as well as biomedical, all rely on these types of equipment to achieve their required production environments. In addition, driven by continual industry upgrade requirements, market demand for cleanroom electromechanical systems is significantly increasing. Furthermore, domestic service providers have accumulated an abundant amount of high-tech factory construction experience in recent years, allowing their technological capabilities to significantly improve. Domestic service providers also have a price advantage as well as the advantage of being based locally and being able to provide local services, allowing them to compete head-to-head with foreign service providers. Looking to the future, demand for cleanrooms and electromechanical systems integration engineering will come from factory expansion and factory upgrade projects of semiconductor, and biomedical manufacturers. Another source of future demand will come from the need for domestic manufacturers to establish new plants in mainland China and Southeast Asian region, as well as Japanese and other foreign investors expanding their investments in the Southeast Asian region, which will in turn drive spending as well as capital expenditure for the establishment of factory facilities. Moreover, the biotech industry, which the government is currently heavily investing in, is still in its infancy, with strong demand for cleanroom facilities as well as electromechanical systems integration engineering services. There is also a trend of manufacturers from Taiwan establishing factories in China, while China's 12th Five-Year Plan treats the development of its biotech, medical, and energy conservation industries as key goals, creating even more opportunities. Looking to the future, business opportunities in China are unlimited, therefore, the cleanroom and electromechanical engineering markets still have room for future growth.

(4) competitive niche

A. Exceptional construction performance and extensive service coverage

Over the 37 years of the company's existence, it has been involved in the construction of commercial buildings, public infrastructure, department stores, hospitals, and facilities for green energy, optoelectronics, semiconductors, and biotech industries. It has built up a strong track record in the construction of air-conditioning, electrical and cleanroom facilities, making it one of the few local construction service companies that are able to deliver across different industries and across borders. Compared to its peers,

the company is able to quickly adjust to changes in economic cycles, and hence is exposed to fewer business risks. In addition, the Company also proactively engages itself in the environmental protection and energy saving fields. The Environmental Protection Business Division was established under its subsidiary Nova Technology Corp. to proactively expand the part of business.

B. A high quality image and reputation

A "creator of quality space" is how the company positions itself. It delivers cutting-edge work spaces supported by comprehensive after-sale services/warranties that has gained it a sparkling reputation. The company is ISO-9001, ISO14001, OHSAS18001, and CANB certified. It is also the only company among its industry peers that has been recognized and rewarded for achievements in energy conservation. "Quality" and "reputation" are the critical intangible assets that give the company the assurance to win over customers.

C. A quality management team and modularized construction methods

The company provides services to businesses on a project-by-project basis. It has project managers who engage customers directly to oversee construction progress and quality according to customer needs and the terms of construction agreements. The company's key project managers all have more than 10 years of experience in the industry, and each of them is well-versed in managing construction work. For completed projects, the Company has established a complete and detailed database. With engineering experiences accumulated over the years, for related projects, there are the closure meetings where authorities concerned are invited to take part so that we can learn further and it helps us modularize different types of customers and is therefore able to reduce design costs and respond to customers with optimal construction solutions in a timely manner.

D. Specialized construction talents

The Company has staff with practical experience in many areas and has placed comparable emphasis on educational training for its employees and recruitment of various professionals since its establishment. Besides internally, the Company sends people to attend all kinds of educational trainings that are held externally as well. It has placed great emphasis on training and recruitment since its establishment. Employees undertake regular training to develop skills applicable both in the integration of large-scale construction projects and in ensuring work quality. These training courses give our engineers a distinct advantage over competitors. The company also works with professional institutions in developing new construction design methods.

E. Stringent cost control and complete after-sales services

The company places great emphasis on the cost control and after-sales services of its construction projects. In order to accurately estimate and control costs, the company maintains good relationships with, and has up-to-date information on, all the certified suppliers and contractors it works with, which gives it control over changes in the costs of purchasing and outsourcing. With regards to after-sales services, the company makes a commitment to serving customers during the warranty period exactly as agreed in the contract, and takes the initiative to resolve customer queries regarding their construction projects, which builds up sound relationships that help boost the company's reputation and competitiveness.

F. Robust financial structure

Although the company is a provider of integrated system construction services, it outsources actual construction work to other subcontractors. Depending on the nature of the construction agreement, some of the materials and equipment needed for the job are purchased by the subcontractors while others are purchased by the company subject to proper procurement procedures. Subcontractors are required to have sufficient capital resources for payments such as tender bonds, performance bonds, material and equipment purchases, construction costs, and warranties, before they engage in large-scale integrated system projects. Meanwhile, the financial structure of the Company has been sound and healthy. There is sufficient working fund to support engineering operations. There are also abundant financing credits available at financial institutions. The sound and healthy financial structure helps enhance the level of confidence that clients have in the Company as well.

(5) Favorable and Unfavorable Factors in the Long-range Future, and the company's response to such factors.

A. Favorable Factors

a. Technological development and plant upgrade

We are currently in an era characterized by rapidly evolving technology and emerging opportunities such as biotech, healthcare, energy conservation, environmental control.... The pace of technological development means a constant need for plant upgrade to keep up with production, and thus gives construction service providers an opportunity to thrive. The demand for industries relating cloud application is also increasing on a daily basis as changes continue. One of the most prominent opportunities in the future will perhaps be biotech industries. A focus of recent government policy and an ongoing global trend, the growth of the biotech industries should not be underestimated. Due to the fact that biotech workplaces are subject to

more stringent regulatory requirements and higher technology standards, the company is confident that its abundant experience in the sector stands it in good stead for future development.

- b. As living standards rise living space requirements also rise
Because of improved living standards, people accordingly have increased demand for quality living spaces. This naturally gives rise to the sightseeing and tourism industry. The demand for constructions of large hotels and shopping malls, for example, is climbing as well and construction companies with the ability to deliver quality living space will be able to capitalize on this growth.
- c. Opportunities within the China market
China presents enormous and growing potential for Taiwanese businesses because of the similarities in language and culture unmatched by any foreign company. Over the years, investment from Taiwan in China has evolved from small businesses to large conglomerates, and from labor-intensive businesses to capital and technology-intensive businesses. The increasing amount of factory construction presents immense opportunities for the company's air-conditioning business in China, and our subsidiary, Sheng Huei (Suzhou) Engineering, has attained premium status as a top grade master contractor to secure these opportunities.
- d. Growth in Southeast Asia Markets
Due to rising production costs in China, business operators are looking towards Southeast Asia as the next step of their development. In response to this trend, the company has set up subsidiaries in Singapore, Malaysia, Vietnam, Indonesia and Myanmar and transplanted its successful Taiwanese experience to quickly develop a working system. Because of its early entry, the company is confident of securing a competitive advantage in this market.
- e. The global biotech/healthcare markets
The biotech industry has been identified by governments around the world as a method of economic stimulation and healthcare reform. The United States, for example, has passed a USD940 billion healthcare reform bill, while China has also introduced RMB850 billion (equivalent to USD124.1 billion) worth of healthcare reforms. These initiatives are expected to act as a growth momentum for Taiwan's biotech industry in the years to come. Acter has been involved in the biotech industry for several years; it has the experience, the technology and the track record to help China accomplish its biotech goals.

- f. Complete and versatile categories of services and providing TOTAL SOLUTION

The company provides engineering integration services including construction, mechatronics, cleanroom, processing, environmentally-friendly and energy saving programs, biotechnology certification, chemical supplying system and equipment. Moreover, it possesses a professional design work to provide utmost efficiency and maintenance service.

B. Unfavorable Factors and the company's response to such factors

- a. Price competition

The economic slump in recent years has caused cleanroom builders to compete intensively on price. Despite being more capable and experienced than its competitors, the company is also compelled to sacrifice profit margins to compete on price. Furthermore, many large construction companies are starting to offer cleanrooms as part of their factory turnkey solutions, and hence pose a threat to cleanroom specialists.

Response strategies:

The company will compete for customers with an emphasis on the use of innovative technologies and construction methods to help customers reduce costs. Meanwhile, the company will aim to control human resources and administrative expenses and minimize construction risks by exercising proper work management and quality assurance, and deliver greater output efficiency by investing in talent training. The company will also keep up with new construction techniques by collaborating with academic and technical institutions in R&D projects, and earn customer trust to undertake more complex projects that mitigate the impact of reduced margins. To remain price competitive, the company will leverage the strong partnership it has with suppliers and control costs to its advantage.

- b. Intensifying competition from international industry peers

Construction projects in China are becoming more and more competitive not only in terms of pricing, but also in terms of capabilities of local competitors. Given the service intensive nature of the company's cleanroom business, the company needs to constantly improve its technical and management capabilities to meet uncertainties and changes in economic cycles. The training, attrition and aging of service talent all pose risks to the company's business.

Response strategies:

For more than 30 years, the company has grown its business through differentiation and specialized construction techniques. This method has

proven to be effective not only in Taiwan, but in China and Southeast Asia as well. It has been our goal to play the role of a pioneer in industry upgrade and optimization. We respond to changes in the construction market by striving for outstanding innovation and services that set us apart; over time, this becomes the means by which we compete in the market. Furthermore, the company is taking a proactive step towards globalization and hopes to develop a business presence outside of China in the shortest time possible.

c. **Recruitment and retention of professionals meet challenges**

For the engineering service industry that the Company belongs to, professional engineers have to deal with a relatively changeable and difficult workplace, not to mention the required technical attainments. It is hence comparatively difficult for younger generations to work in such an environment, which makes recruitment of talent uneasy and results in the susceptibility to brain drain, particularly among new hires, and talent shortage. "People" are the most important assets of the Company. It is hence a big challenge for the Company as to how to find professionals and enable them to develop steadily in their profession.

Response strategies:

Internally, the apprenticeship system is adopted in order to pass down the experience, culture, and technology. Each new hire is led by a senior master while getting to know the Company and the new hire's work. This helps reduce the sense of frustration felt by new hires, make them feel cared for, and expose them to professional learning to greatly cut down the learning time and create a sense of belonging as well as achievement in them. In addition, there are a defined discipline and reward system and a transparent evaluation system in place to adequately provide employees with feedback. The sound systems and humanistic warmth create a substantial momentum that helps retain talent.

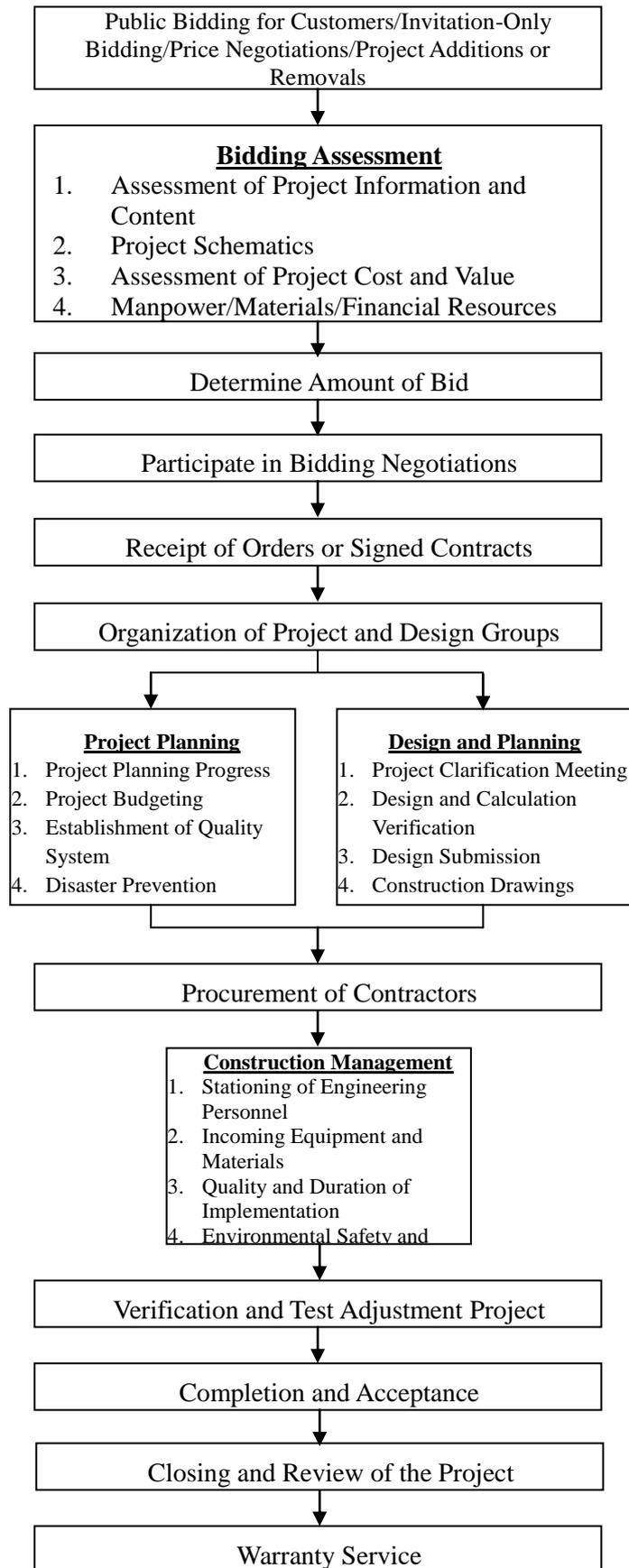
Externally, the Company creates a favorable image and collaborates with related departments in colleges and universities to increase its publicity and a sense of identity so that students will prioritize the Company when choosing a career in the future.

2. **The Production Procedures of Main Products**

(1) **Major Products and Their Main Uses**

The company specializes in the design and installation of cleanroom facilities, a service that helps manufacturers manufacture products in a dust-free environment with controlled temperature and humidity for the highest precision, yield and product quality.

(2) Major Products and Their Production Processes



3. Supply Status of Main Materials

Our company's materials and equipment procurement operations are carried out according to contractual agreements put in place for different projects, and are mainly divided into two models: (1) subcontracting projects to subcontractors, including all labor and materials requirements, and (2) making procurements ourselves. Construction materials and equipment our company purchases include various types of machines, air conditioning equipment, fan equipment, pumps, water towers, electrical generators, cleanroom equipment, electrical wires and cables, pipeline materials, valves, power distribution panels, buses, raised floor panels, vibration/shock proofing equipment, control equipment, lighting equipment, interior materials, and fire safety equipment, etc. These products are all purchased from domestic suppliers that we enjoy stable relationships with.

4. A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures

(1) Major Suppliers Information for the Last Two Calendar Years

Unit : NT\$ thousand

Item	2014				2015				As of March 31, 2016			
	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer
	Others	6,710,380	100	Not applicable	Others	5,909,633	100	Not applicable	Note3			
	Net Total Supplies	6,710,380	100	Not applicable	Net Total Supplies	5,909,633	100	Not applicable				

Note1: The reason for increases or decreases of the amount was due to business demand.

Note2: There were no suppliers accounting for 10 percent or more of the company's total procurement amount in 2014 and 2015.

Note3: Information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA.

(2) Major Clients (each commanding 10%-plus share of annual order volume) Information for the Last Two Calendar Years

Unit : NT\$ thousand

Item	2014				2015				As of March 31, 2016			
	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer
	Others	7,581,552	100%	Not applicable	Others	8,558,768	100.00	Not applicable	Note3			
	Net Sales	7,581,552	100%	Not applicable	Net Sales	8,558,768	100.00	Not applicable				

Note1: The reason for increases or decreases of the amount was due to business demand.

Note2: There were no clients accounting for 10 percent or more of the company's total sales amount in 2014 and 2015.

Note3: Information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA.

5. Production over the Last Two Years

Unit: NT\$ thousand

Output	Year	2014			2015		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products(or by departments)							
Cleanroom electromechanical integration engineering		Note	Note	2,828,196	Note	Note	3,170,801
Consumer industry electromechanical integration engineering		Note	Note	1,396,166	Note	Note	1,098,772
Biomedical integration engineering		Note	Note	700,607	Note	Note	519,734
Water gasification supply integration engineering		Note	Note	942,711	Note	Note	1,251,355
High-tech equipment and materials sales and services		Note	Note	1,091,577	Note	Note	1,406,498
Total		Note	Note	6,959,257	Note	Note	7,447,160

Note1: Due to the characteristics of the industry, the major products cannot be measured using production capacity or production quantity.

6. Shipments and Sales over the Last Two Years

Unit: NT\$ thousand

Shipments& Sales	Year	2014				2015			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products(or by departments)									
Cleanroom electromechanical integration engineering		Note	3,191,089	Note	0	Note	3,513,468	Note	0
Consumer industry electromechanical integration engineering		Note	1,408,639	Note	1,405	Note	1,223,337	Note	0
Biomedical integration engineering		Note	736,817	Note	0	Note	614,277	Note	0
Water gasification supply integration engineering		Note	1,029,472	Note	14,103	Note	987,598	Note	390,954
High-tech equipment and materials sales and services		Note	1,050,260	Note	149,767	Note	1,470,401	Note	358,733
Total		Note	7,416,277	Note	165,275	Note	7,809,081	Note	749,687

Note1: Due to the characteristics of the industry, the major products cannot be measured using production capacity or production quantity.

iii. Human Resources

Year		2014	2015	As of April 6, 2016
Number of Employees	Direct Employees	740	767	785
	Indirect Employees	227	186	188
	Total	967	953	973
Average Age		33.92	34.84	34.37
Average Years of Service		3.66	4.99	4.84
Education	Ph.D.	1	1	1
	Masters	54	55	51
	Bachelor's Degree	424	431	447
	Junior College	331	321	326
	Senior High School	127	85	84
	Below Senior High School	30	60	64

iv. Disbursements for Environmental Protection

1. Total losses (including damage awards) and fines for environmental pollution for the 2 most recent fiscal years, and during the current fiscal year up to the date of printing of the annual report, and an explanation of the measures (including corrective measures) and possible disbursements to be made in the future (including an estimate of losses, fines, and compensation resulting from any failure to adopt responsive measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible)

None.

v. Labor Relations

1. List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

(1) Employee Benefit Plans

To win employees' loyalty, the company provides employees with labor and national health insurance and has established an Employee Welfare Committee to oversee employee benefits such as health check-ups, annual company trips, recreational activities and year-end celebrations, while serving as a bridge for communication of employer and employee opinions. Below are the company's key employee benefits:

- A. Labor insurance, national health insurance, group insurance, pension plan, and health check-ups
- B. A variety of subsidies such as child birth, wedding, funeral, injury, illness, and disaster relief.
- C. The company offers cash gifts on occasions such as birthdays, Dragon Boat Festival, Mid-Autumn Festival etc, as well as other compensation including year-end bonus, year-end banquet lucky draw, profit distribution and share

subscription.

D. Group trips, recreational events and birthday parties are organized for employees on a regular basis.

E. The company strives to achieve stable growth and thus secure employees' work rights.

(2) Continuing Education, Training

Talent training has been identified by the company as a key to human resource management and a sustainable solution to respond to rapidly changing technologies. For this reason, the company has organized a range of workshops and training courses that aim to enhance employees' skills and knowledge, and subsidizes employee participation in external training in the hope that they may contribute what they learn to improve the quality of work and generate profits for the company. The following is a list of training courses offered to employees in recent years:

Unit: hour; NT\$

Content		Acter	Taiwan Subsidiaries	Mainland	Southeast Asia	Total expense
Senior Executives (Executives of Managerial Rank or Higher) Average Training Hours	Male	20	9	36	8	1,530,581
	Female	46	32	6	0	
Middle Management Executives (Executives of Associate Department Head Rank) Average Training Hours	Male	28	13	13	59	
	Female	27	14	3	26	
General Employees Average Training Hours	Male	22.97	27	9	27	
	Female	18	19	22	33	

Below is a description of courses offered to employees:

A. Specialized training: these courses are offered to enhance employees' work skills and practical experience, and include training on sales skills, construction design and supervision, project management, project cost estimation, 3D drawing, quality management, and work site safety. These courses are carried out in a lecture format combined with the practical experience of project managers.

B. General knowledge training: the company organizes seminars on a variety of topics such as self-development, time management, listening and communication to help employees develop a positive attitude towards their jobs. These courses also give them the chance to learn about their own potential and encourage them to participate in mental and physical activities.

C. Operation and management training: For important staff, operation and management-related training courses are provided; with case studies and the instructor's abundant practical experiences, it helps enrich the trainees' management skills.

- D. Orientation: these are training courses given to new hires upon arrival. They provide an introduction to the company's welfare system, work culture, and basic work practices such as construction management, procurement, information processing and accounting.
 - E. Subsidies: Different subsidies are available for different areas and positions. There are cross-area allowances, phone bill subsidies, and medical care reimbursements, for example.
 - F. Bounties: In some companies, there are subsidies and bounties for foreign language learning programs, covering tuition or increasing salary.
- (3) Retirement Systems, and the Status of their Implementation
- The company has an employee retirement policy in place. It has assembled a Pension Supervisory Committee and contributes 2% of employees' monthly salaries into a pension account held with the Bank of Taiwan. Since July 1, 2005, the company has adopted the new pension system where the company contributes 6% of employees' salaries into individual pension accounts. Overseas companies also follow local laws and regulations governing employee benefits.
- (4) The Status of Labor-Management Agreements and Measures for Preserving Employees' Rights and Interests
- A. The company values employees' opinions and is dedicated to building an environment of open communication. Departmental meetings are held on a regular basis where opinions can be expressed openly and directed to the personnel responsible. Managers are also designated to oversee timely responses to such opinions.
 - B. Due to harmonious employer-employee relations, there were no employment-related disputes in the last year.
- (5) Employee share subscription and compensation
- An employee profit sharing program has been introduced as a means of aligning employees' goals with those of the company by allowing employees to share in the company's good performance. At the end of each financial year, the surplus profits will have a certain percentage allocated as employee compensation. For every rights issue, the company will reserve a certain percentage to be subscribed by employees at their own volition. The company issued new restricted employee shares in 2014 and 2015. As for employees of subsidiaries, the company has also arranged to allow employees to subscribe to the shares issued by their respective subsidiaries. As of the publication date, the subsidiaries Nova Technology Corp. and Enrich Tech Co., Ltd. already have shares held by their employees.
2. List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect
- None.

vi. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	Taiwan Cooperative Bank	2015/06/04~2016/06/04(Acter Co., Ltd.) 2015/12/05~2016/12/05 (Her Suo) 2015/12/21~2016/12/21 (Nova Technology) 2015/10/12~2016/10/12 (Sheng Huei (Suzhou))	Overall credit limit & Financing for external debt	None
Financing Contract	Land Bank of Taiwan	2015/12/15~2017/03/02(Acter Co., Ltd.)	Overall credit limit	None
Financing Contract	Mega International Commercial Bank	2015/06/23~2016/06/22 (Acter Co., Ltd.) 2015/08/19~2016/08/18 (Her Suo) 2015/06/26~2016/06/25 (Nova Technology & Winmax)	Overall credit limit & Financing for external debt	None
Financing Contract	Hua Nan Bank	2015/11/30~2016/11/30 (Acter Co., Ltd. & NTS) 2015/07/16~2016/07/15 (Nova Technology) 2015/01/14~2016/01/14 (Sheng Huei (Suzhou))	Overall credit limit & Financing for external debt	None
Financing Contract	Shin Kong Bank	2015/11/25~2017/11/25 (Acter Co., Ltd) 2015/07/21~2017/07/20 (Nova Technology) 2015/11/25~2017/11/25(Sheng Huei (Suzhou) & Sheng Huei (Shenzhen))	Overall credit limit & Financing for external debt	None
Financing Contract	Taishin International Bank	2015/11/30~2016/11/30 (Acter Co., Ltd & Sheng Huei (Suzhou) & Winmax)	Overall credit limit & Financing for external debt	None
Financing Contract	Bank of Shanghai	2015/04/29~2016/04/28 (Acter Co., Ltd)	Overall credit limit	None
Financing Contract	CTBC Bank	2015/01/05~2017/02/05 (Acter Co., Ltd) 2015/12/09~2016/12/31 (Sheng Huei (Vietnam))	Overall credit limit & Financing for external debt	None
Financing Contract	Bank SinoPac	2015/06/30~2016/06/30 (Acter Co., Ltd) 2015/06/30~2016/06/30 (Sheng Huei (Shenzhen)& Sheng Huei (Suzhou))	Overall credit limit & Financing for external debt	None
Financing Contract	HSBC	2015/11/28~2016/11/28 (Sheng Huei (Shenzhen)& Sheng Huei (Suzhou) & Fuyu)	Overall credit limit	None
Financing Contract	China Construction Bank	2014/07/17~2016/07/17(Sheng Huei (Suzhou) & Fuyu)	Overall credit limit	None
Financing Contract	Shanghai Pudong Development Bank	2015/09/17~2016/09/17 (Sheng Huei (Suzhou) & Fuyu)	Overall credit limit	None
Financing Contract	Bank of China	2015/03/26~2016/02/10 (Winmax)	Overall credit limit	None
Financing	CITI BANK	2015/10/30~2016/10/31 (Sheng Huei (Suzhou))	Financing	None

Agreement	Counterparty	Period	Major Contents	Restrictions
Contract		& Winmax)	for external debt	
Engineering Contract	Siliconware Precision Industries Co., Ltd.	Work completed and inspected according to schedule from 2016/02/18	Engineering Contract	Guaranteed commitment
Engineering Contract	LI JIN ENGINEERING CO., LTD.	Work completed and inspected according to schedule from 2015/11/05	Engineering Contract	Guaranteed commitment
Engineering Contract	LI JIN ENGINEERING CO., LTD.	Work completed and inspected according to schedule from 2015/11/05	Engineering Contract	Guaranteed commitment
Engineering Contract	Kuo Yuan Construction Co., Ltd.	Work completed and inspected according to schedule from 2015/07/06	Engineering Contract	Guaranteed commitment
Engineering Contract	China Ecotek Corp.	Work completed and inspected according to schedule from 2014/04/01	Engineering Contract	Guaranteed commitment
Engineering Contract	TTY Biopharm Co., Ltd.	Work completed and inspected according to schedule from 2014/06/01	Engineering Contract	Guaranteed commitment
Engineering Contract	Show-Chwan Health Care System	Work completed and inspected according to schedule from 2014/07/09	Engineering Contract	Guaranteed commitment
Engineering Contract	Syntrend Creative Park Co., Ltd.	Work completed and inspected according to schedule from 2014/08/18	Engineering Contract	Guaranteed commitment
Engineering Contract	Hong Pan Kai Fa Co., Ltd.	Work completed and inspected according to schedule from 2014/09/02	Engineering Contract	Guaranteed commitment
Engineering Contract	Immense Team Construction and Building Company, Limited	Work completed and inspected according to schedule from 2014/11/20	Engineering Contract	Guaranteed commitment
Engineering Contract	Ruentex Engineering & Construction Co., Ltd.	Work completed and inspected according to schedule from 2014/11/01	Engineering Contract	Guaranteed commitment
Engineering Contract	CHUNG-LU Construction Co., Ltd.	Work completed and inspected according to schedule from 2014/11/01	Engineering Contract	Guaranteed commitment
Engineering Contract	TTY Biopharm Co., Ltd.	Work completed and inspected according to schedule from 2013/08/20	Engineering Contract	Guaranteed commitment
Engineering Contract	Ta Mao Construction Co., Ltd.	Work completed and inspected according to schedule from 2013/06/04	Engineering Contract	Guaranteed commitment
Engineering Contract	JDC - Taiwan Branch	Work completed and inspected according to schedule from 2012/12/25	Engineering Contract	Guaranteed commitment
Engineering Contract	Chainta Construction Development Co., Ltd.	Work completed and inspected according to schedule from 2013/01/25	Engineering Contract	Guaranteed commitment
Engineering Contract	Kuo Yuan Construction Co., Ltd. Pubao Construction Co., Ltd.	Work completed and inspected according to schedule from 2011/11/11	Engineering Contract	Guaranteed commitment
Engineering Contract	CTCI Corporation	Work completed and inspected according to schedule from 2011/09/01	Engineering Contract	Guaranteed commitment
Engineering Contract	Jia Yuan Construction Co., Ltd.	Work completed and inspected according to schedule from 2009/12/07	Engineering Contract	Guaranteed commitment
Sales Contract	Nanjing CEC Panda LCD Technology Co., Ltd.	Work completed and inspected according to schedule from 2014/04/25	Sales Contract for Equipment	Guaranteed commitment
Sales Contract	Shenzhen China Star Optoelectronics Technology Co., Ltd.	Work completed and inspected according to schedule from 2016/01/25	Sales Contract for Equipment	Guaranteed commitment
Sales Contract	Wuhan China Star Optoelectronics Technology	Work completed and inspected according to schedule from 2016/05	Sales Contract for	Guaranteed commitment

Agreement	Counterparty	Period	Major Contents	Restrictions
	Co., Ltd.		Equipment	
Engineering Contract	Shangding Engineering Corporation	Work completed and inspected according to schedule from 2009/12/01	Engineering Contract	Guaranteed commitment
Engineering Contract	Taisin (Suzhou) Travel Kit Co.,Ltd.	Work completed and inspected according to schedule from 2013/06/07	Engineering Contract	Guaranteed commitment
Engineering Contract	Chingtao Dinglin Co., Ltd.	Work completed and inspected according to schedule from 2013/07/09	Engineering Contract	Guaranteed commitment
Engineering Contract	Shanghai Foxconn Co., Ltd.	2016/01/25~2017/06/30	Engineering Contract	Guaranteed commitment
Engineering Contract	Inotera Memories, Inc.	Work completed and inspected according to schedule from 2014/05/20	Engineering Contract	Guaranteed commitment
Engineering Contract	United Microelectronics Corporation	Work completed and inspected according to schedule from 2014/07/29	Engineering Contract	Guaranteed commitment
Engineering Contract	L&K Engineering (Suzhou) Co. , Ltd.	Work completed and inspected according to schedule from 2015/06/03	Engineering Contract	Guaranteed commitment
Engineering Contract	AU Optronics (Kunshan) Co., Ltd.	Work completed and inspected according to schedule from 2015/08/04	Engineering Contract	Guaranteed commitment
Engineering Contract	Inotera Memories, Inc.	Work completed and inspected according to schedule from 2015/09/01	Engineering Contract	Guaranteed commitment

VI. Financial Information

i. Five-Year Financial Summary

1. Condensed Balance Sheet

(1) Condensed Consolidated Balance Sheet-IFRS

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary(Note 1)					Financial data as of 2016/03/31
		2011	2012	2013	2014	2015	
Current assets			6,453,221	6,477,953	6,252,885	7,512,052	(Note 1)
Property, plant and equipment			340,451	334,438	340,595	380,354	
Intangible assets			9,041	11,694	23,482	19,957	
Other assets			116,736	181,197	268,938	273,844	
Total assets			6,919,449	7,005,282	6,885,900	8,186,207	
Current liabilities	Before distribution		3,878,756	3,892,753	4,024,960	4,915,104	
	After distribution		4,340,114	4,354,111	4,118,192	Not applicable	
Non-current liabilities			209,833	213,944	192,562	207,286	
Total liabilities	Before distribution		4,088,589	4,106,697	4,217,522	5,122,390	
	After distribution		4,549,947	4,568,055	4,310,754	Not applicable	
Equity attributable to owners of the parent		Not applicable					
Common stock			461,359	461,359	461,359	466,159	
Capital surplus			896,599	896,599	936,951	978,475	
Retained earnings	Before distribution		1,495,529	1,499,592	1,129,996	1,451,733	
	After distribution		1,034,171	1,038,234	1,036,764	Not applicable	
Other equity			(22,627)	41,035	55,867	23,145	
Treasury stock			0	0	0	0	
Non-controlling interest			0	0	84,205	144,305	
Total shareholders' equity	Before distribution		2,830,860	2,898,585	2,668,378	3,063,817	
	After distribution		2,369,502	2,437,227	2,575,146	Not applicable	

Note1: Financial information in 2012~2015 has been audited by CPA and Financial information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA.

Note2: The distribution of 2015 profits shall be determined by the 2016 annual shareholders' meeting.

(2) Condensed Standalone Balance Sheet-IFRS

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary(Note 1)				
		2011	2012	2013	2014	2015
Current assets			2,668,464	2,357,410	1,964,539	2,494,429
Property, plant and equipment			163,465	160,134	157,648	155,735
Intangible assets			5,953	5,623	4,324	1,760
Other assets			1,583,163	1,781,102	1,759,635	1,939,441
Total assets			4,421,045	4,304,269	3,886,146	4,591,365
Current liabilities	Before distribution		1,412,228	1,222,246	1,147,972	1,520,102
	After distribution		1,873,586	1,683,604	1,241,204	Not applicable
Non-current liabilities			177,957	183,438	154,001	151,751
Total liabilities	Before distribution		1,590,185	1,405,684	1,301,973	1,671,853

Item	Year	Five-Year Financial Summary(Note 1)				
		2011	2012	2013	2014	2015
	After distribution		2,051,543	1,867,042	1,395,205	Not applicable
Equity attributable to owners of the parent						
Common stock			461,359	461,359	461,359	466,159
Capital surplus			896,599	896,599	936,951	978,475
Retained earnings	Before distribution		1,495,529	1,499,592	1,129,996	1,451,733
	After distribution		1,034,171	1,038,254	1,036,764	Not applicable
Other equity			(22,627)	41,035	55,867	23,145
Treasury stock			0	0	0	0
Non-controlling interest			0	0	0	0
Total shareholders' equity	Before distribution		2,830,860	2,898,585	2,584,173	2,919,512
	After distribution		2,369,502	2,437,227	2,490,941	Not applicable

Note1: Financial information in 2012 ~2015 has been audited by CPA.

Note2: The distribution of 2015 profits shall be determined by the 2016 annual shareholders' meeting.

(3) Condensed Consolidated Balance Sheet-ROC GAAP

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary (Note1)				
		2011	2012	2013	2014	2015
Current assets		6,230,789	6,467,289			
Funds & Long-term investments		50,968	10,669			
Fixed assets		267,533	340,451			
Intangible assets		57,098	56,717			
Other assets		44,592	45,790			
Total assets		6,650,980	6,920,916			
Current liabilities	Before distribution	4,034,822	4,038,198			
	After distribution	4,496,180	4,499,556			
Long-term liabilities		0	0			
Other liabilities		134,499	169,116			
Total liabilities	Before distribution	4,169,321	4,207,314			Not Applicable
	After distribution	4,630,679	4,668,672			
Common stock		461,359	461,359			
Capital surplus		896,599	896,599			
Retained earnings	Before distribution	1,093,972	1,342,079			
	After distribution	632,614	880,721			
Unrealized gain or loss on financial instruments		(1,662)	4,608			
Cumulative translation adjustments		34,606	11,127			
Net loss unrecognized as pension cost		(3,215)	(2,170)			
Total shareholders' equity	Before distribution	2,481,659	2,713,602			
	After distribution	2,020,301	2,252,244			

Note1: Financial information in 2011 and 2012 has been audited by CPA. The Financial information in 2013 ~ 2015 was prepared in accordance with IFRS. Please refer to the tables above.

(4) Condensed Standalone Balance Sheet- ROC GAAP

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary (Note1)				
		2011	2012	2013	2014	2015
Current assets		2,138,383	2,694,531			
Funds & Long-term investments		1,352,776	1,473,693			
Fixed assets		161,838	163,465			
Intangible assets		12,608	12,383			
Other assets		35,920	34,520			
Total assets		3,701,525	4,378,592			
Current liabilities	Before distribution	1,102,322	1,521,817			
	After distribution	1,563,680	1,983,175			
Long-term liabilities		0	0			
Other liabilities		117,544	143,173			
Total liabilities	Before distribution	1,219,866	1,664,990			Not Applicable
	After distribution	1,681,224	2,126,348			
Common stock		461,359	461,359			
Capital surplus		896,599	896,599			
Retained earnings	Before distribution	1,093,972	1,342,079			
	After distribution	632,614	880,721			
Unrealized gain or loss on financial instruments		(1,662)	4,608			
Cumulative translation adjustments		34,606	11,127			
Net loss unrecognized as pension cost		(3,215)	(2,170)			
Total shareholders' equity	Before distribution	2,481,659	2,713,602			
	After distribution	2,020,301	2,252,244			

Note1: Financial information in 2011 and 2012 has been audited by CPA. The Financial information in 2013 ~ 2015 was prepared in accordance with IFRS. Please refer to the tables above.

2. Condensed Statement of Income

(1) Condensed Consolidated Statement of Income-IFRS

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary					Financial data as of 2016/03/31
		2011	2012	2013	2014	2015	
Operating revenue		8,282,393	8,656,072	7,581,552	8,558,768		
Gross profit		1,369,959	1,038,965	622,295	1,111,609		
Income from operations		942,739	564,321	53,881	478,274		
Non-operating income(expenses)		(26,525)	56,010	31,422	36,548		
Income before tax		916,214	620,331	85,303	514,822		
Income from continuing operations - after tax		696,137	466,391	89,034	423,030		
Loss of discontinued operation		0	0	0	0		
Net income	Not applicable	696,137	466,391	89,034	423,030	(Note1)	
Other comprehensive income - after tax		(11,621)	62,692	3,874	(13,316)		
Total comprehensive income		684,516	529,083	92,908	409,714		
Net income attributable to owners of the parent		696,137	466,391	94,830	416,345		
Net income attributable to non-controlling interest		0	0	(5,796)	6,685		

Item	Year	Five-Year Financial Summary				Financial data as of 2016/03/31
		2011	2012	2013	2014	
Total comprehensive income attributable to owners of the parent			684,516	529,083	106,594	403,092
Total comprehensive income attributable to non-controlling interest			0	0	(13,686)	6,622
Earnings per share			15.09	10.11	2.06	9.02

Note1: Financial information in 2012~2015 has been audited by CPA and Financial information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA.

(2) Condensed Standalone Statement of Income-IFRS

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary(Note1)				
		2011	2012	2013	2014	2015
Operating revenue			3,725,030	3,183,429	2,953,833	3,828,829
Gross profit			719,599	458,676	302,277	469,029
Income from operations			582,017	333,450	185,169	301,139
Non-operating income(expenses)			239,167	222,753	(95,399)	165,621
Income before tax			821,184	556,203	89,770	466,760
Income from continuing operations - after tax			696,137	466,391	94,830	416,345
Loss of discontinued operation			0	0	0	0
Net income			696,137	466,391	94,830	416,345
Other comprehensive income - after tax			(11,621)	62,692	11,764	(13,253)
Total comprehensive income			684,516	529,083	106,594	403,092
Net income attributable to owners of the parent			696,137	466,391	94,830	416,345
Net income attributable to non-controlling interest			0	0	0	0
Total comprehensive income attributable to owners of the parent			684,516	529,083	106,594	403,092
Total comprehensive income attributable to non-controlling interest			0	0	0	0
Earnings per share			15.09	10.11	2.06	9.02

Note1: Financial information in 2012~2015 has been audited by CPA.

(3) Condensed Consolidated Statement of Income-ROC GAAP

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary(Note1)				
		2011	2012	2013	2014	2015
Operating revenue		8,537,578	8,497,916			
Gross profit		1,111,385	1,409,686			
Income from operations		767,525	981,733			
Non-operating income		41,959	30,816			
Non-operating expenses		9,325	57,298			
Income from operations of continued segments - before tax		800,159	955,251			
Income from operations of continued segments - after tax		559,664	709,533			
Income from discontinued departments		0	0			

Item	Year	Five-Year Financial Summary(Note1)				
		2011	2012	2013	2014	2015
Extraordinary gain or loss		0	0			
Cumulative effect of accounting principle changes		0	0			
Net income		559,664	709,533			
Earnings per share		13.30	15.38			

Note1: Financial information in 2011 and 2012 has been audited by CPA. The Financial information in 2013~2015 was prepared in accordance with IFRS. Please refer to the tables above.

(4) Condensed Standalone Statement of Income- ROC GAAP

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary(Note1)				
		2011	2012	2013	2014	2015
Operating revenue		3,427,618	3,308,493			
Gross profit		403,726	648,173			
Income from operations		274,829	510,027			
Non-operating income		390,412	355,158			
Non-operating expenses		1,346	30,977			
Income from operations of continued segments - before tax		663,895	834,208			
Income from operations of continued segments - after tax		559,664	709,533			Not applicable
Income from discontinued departments		0	0			
Extraordinary gain or loss		0	0			
Cumulative effect of accounting principle changes		0	0			
Net income		559,664	709,533			
Earnings per share		13.30	15.38			

Note1: Financial information in 2011 and 2012 has been audited by CPA. The Financial information in 2013~2015 was prepared in accordance with IFRS. Please refer to the tables above.

3. Auditors' Opinions from 2011 to 2015

Year	CPA Firm	CPA's Name	Auditing Opinion
2011	KPMG	Wu, Whe-Land 、 Wei, Hsing-Hai	Unqualified opinion
2012	KPMG	Wu, Whe-Land 、 Kuo, Shih-Hua	Unqualified opinion
2013	KPMG	Wu, Whe-Land 、 Chen, Cheng-Hsueh	Unqualified opinion
2014	KPMG	Wu, Whe-Land 、 Chang, Tzu-Hsin	Unqualified opinion
2015	KPMG	Chang, Tzu-Hsin 、 Huang, Hai-Ning	Unqualified opinion

ii. Five-Year Financial Analysis

1. Financial Analysis-IFRS(Consolidated Financial Statements)

Item(Note 3)		Year	Financial analysis in the past five years (Note 1)					As of 2015/03/31
			2011	2012	2013	2014	2015	
Financial structure(%)	Ratio of liabilities to assets			59.08	58.62	61.24	62.57	(Note 2)
	Ratio of long-term capital to property, plant and equipment			893.13	866.70	839.98	822.07	
Solvency (%)	Current ratio			166.37	166.41	155.35	152.83	
	Quick ratio			110.37	103.34	87.59	95.61	
	Times interest earned ratio			24,245.01	10,516.38	2,537.48	25,166.76	
Operating ability	Accounts receivable turnover (turns)			3.81	4.11	3.63	3.48	
	Average collection period			95.80	88.80	100.55	104.88	
	Inventory turnover (turns)			0.98	0.97	0.81	0.76	
	Accounts payable turnover (turns)			3.06	3.28	2.81	2.77	
	Average days in sales			372.44	376.28	450.61	480.26	
	Property, plant and equipment turnover (turns)			27.24	25.65	22.46	23.74	
	Total assets turnover (turns)		Not applicable	1.19	1.24	1.09	1.13	
Profitability	Return on total assets (%)		10.09	6.77	1.40	5.54		
	Return on stockholders' equity (%)		25.59	16.28	3.40	15.12		
	Ratio of Pre-tax income to issued capital (%) (Note 7)		198.59	134.46	18.48	110.43		
	Profit ratio (%)		8.40	5.39	1.25	4.86		
	Earnings per share (\$)		15.08	10.11	2.06	9.02		
Cash flow	Cash flow ratio (%)		19.41	(4.73)	4.57	6.11		
	Cash flow adequacy ratio (%)		85.50	54.62	49.01	39.85		
	Cash reinvestment ratio (%)		9.46	(20.67)	(9.48)	6.18		
Leverage	Operating leverage		1.01	1.03	1.60	1.06		
	Financial leverage		1.00	1.01	1.07	1.00		
Key performance indicator	Unfinished construction (NT\$ thousands)		6,783,118	7,139,676	8,072,591	9,039,926		
	Revenue growth rate(%)		(24.99)	4.51	(12.41)	12.88		
	Net income growth rate(%)		(3.10)	(33.00)	(79.66)	339.04		

Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. The increase in times interest earned ratio was mainly due to the increase in income before tax by 503.52%.
2. The increase in return on total assets and return on stockholders' equity was mainly due to the increase in net income by 375.13%.
3. The ratio of pre-tax income to issued capital increased due to the increase in income before tax by 503.52%.
4. The increase in profit ratio and Earnings per share was mainly due to the increase in net income by 375.13%.
5. The increase in cash flow ratio was mainly due to the fact that billings made towards the end of 2015 were collected within the terms of payment.
6. The increase in cash reinvestment ratio was mainly due to the increase in income before tax and cash flow from operating activities.
7. The decrease in operating leverage was mainly due to the increase in operating income by 787.65%.
8. The increase in revenue growth rate was mainly due to the vast investment in the construction of current term.
9. The increase in net income growth rate was mainly due to the reorganization of our client Wintek in 2014 which lead to significant losses, showing the increase rate upon comparing with 2015.

Note1: Financial information in 2012~2015 has been audited by CPA.

Note2: Financial information for the period as of the quarter preceding the date of printing of the annual report has not been reviewed by CPA

Note3: Formulas for the above table are as follows.

1. Financial Structure

(1) Ratio of liabilities to assets = Total liability / Total assets

(2) Ratio of long-term capital to property, land and equipment = (Net shareholders' equity + Long-term liability) / Net property, land and equipment

2. Solvency

(1) Current ratio: Current assets / current liability

(2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability

(3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year

3. Operating ability

(1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)

(2) Days sales in accounts receivable = 365 / Account receivable turnover

(3) Inventory turnover = Cost of goods sold / Average inventory amount

(4) Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)

(5) Average days in sales = 365 / Inventory turnover

(6) Property, land and equipment turnover = Net sales / Net property, land and equipment

(7) Total assets turnover = Net sales / Total assets

4. Profitability

(1) Return on assets = (Net income (loss) + interest expense x (1-tax rate)) / Average total assets

(2) Return on shareholders' equity = Net income (loss) / Net average shareholders' equity

(3) Profit ratio = Net income (loss) / Net sales

(4) Earnings per share = (Net income attributable to owners of the parent – preferred stock dividend) / Weighted average stock shares issued

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activity / Current liability

(2) Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / (Capital expenditure + Inventory interest + Cash dividend) in the past 5 years

(3) Cash + reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Property, land and equipment + Long term investment + Other assets + Working capital)

6. Leverage

(1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income(note 6)

(2) Degree of financial leverage = Operating income / (Operating income – interest expense)

7. Key performance Indicator

(1) Revenue growth rate = (This year's revenue - Last year's revenue) / Last year's revenue

(2) Net income growth rate = (This year's Net Income - Last year's Net Income) / Last year's Net Income

Note4: The following factors are to be included in the consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at year end.
2. For capitalization with cash or treasury stock trade, the stock circulation must be included for consideration to calculate weighted average shares.
3. For capitalization with retained earnings and additional paid-in capital, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the

capitalization but without considering the issuance period of the capitalization.

4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) should be deducted from net income or added to the net loss. If preferred shares are not cumulative, preferred stock dividend should be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note5: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Cash Flow Statement.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, land and equipment for the total Property, land and equipment before deducting the cumulative depreciation.

Note6: Issuer should classify operating cost and operating expense according to fixed and variable category. If the classification is estimated and subjective, it should correspond with rationality and consistency.

Note7: In the case of shares issued by a company with no par value or a par value other than NT\$10 per share, the calculation of ratio of the paid-in capital shall be replaced by ratio of the equity attributable to owners of the parent.

2. Financial Analysis-IFRS(Standalone Financial Statements)

Item(Note 2)		Year	Financial analysis in the past five years(Note 1)				
		2011	2012	2013	2014	2015	
Financial structure (%)	Ratio of liabilities to assets		35.96	32.65	33.50	36.41	
	Ratio of long-term capital to property, plant and equipment		1,840.63	1,924.64	1,736.89	1,972.11	
Solvency (%)	Current ratio		188.95	192.87	171.13	164.09	
	Quick ratio		155.17	164.64	124.08	122.78	
	Times interest earned ratio		12,374,759.47	13,645,906.57	2,597,623	13,505,902	
Operating ability	Accounts receivable turnover (turns)		4.23	3.53	3.59	4.18	
	Average collection period		86.28	103.39	101.67	87.32	
	Inventory turnover (turns)		1.12	0.90	0.71	0.75	
	Accounts payable turnover (turns)		3.32	2.78	3.13	3.28	
	Average days in sales		325.89	405.55	514.08	486.66	
	Property, plant and equipment turnover (turns)		22.90	19.67	18.59	24.43	
	Total assets turnover (turns)		0.89	0.72	0.72	0.9	
Profitability	Return on total assets (%)	Not applicable	16.81	10.69	2.31	9.82	
	Return on stockholders' equity (%)		25.59	16.28	3.45	15.12	
	Ratio of Pre-tax income to issued capital (%) (Note 6)		177.99	120.55	19.45	100.12	
	Profit ratio (%)		18.68	14.65	3.21	10.87	
	Earnings per share (\$)		15.09	10.11	2.06	9.02	
Cash flow	Cash flow ratio (%)		57.26	26.74	(6.47)	26.27	
	Cash flow adequacy ratio (%)		88.66	89.53	64.76	73.21	
	Cash reinvestment ratio (%)		11.53	(4.35)	(19.48)	9.91	
Leverage	Operating leverage		1.01	1.02	1.03	1.02	
	Financial leverage		1.00	1.00	1.00	1.00	
Key performance indicator	Unfinished construction (NT\$ thousands)		3,059,435	2,983,205	4,395,622	4,552,918	
	Revenue growth rate(%)		3.35	(14.53)	(7.21)	29.62	
	Net income growth rate(%)		(3.10)	(33.00)	(79.66)	339.04	

Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)

1. The increase in times interest earned ratio and ratio of Pre-tax income to issued capital was mainly due to the increase in income before tax by 419.95%.
2. The increase in property, plant and equipment turnover was mainly due to the increase in net sales.
3. The increase in total assets turnover was mainly due to the increase in net sales.
4. The increase in return on total assets, return on stockholders' equity, profit ratio and earnings per share was mainly due to the increase in net income by 339.04%.
5. The increase in cash flow ratio was mainly due to the fact that billings made towards the end of 2015 were collected within the terms of payment.
6. The increase in cash reinvestment ratio was mainly due to the increase in income before tax and cash flow from operating activities.
7. The increase in revenue growth rate was mainly due to the vast investment in the construction of current term.
8. The increase in net income growth rate was mainly due to the reorganization of our client Wintek in 2014 which lead to significant losses, showing the increase rate upon comparing with 2015.

Note1: Financial information in 2012~2015 has been audited by CPA.

Note2: Formulas for the above table are as follows.

1. Financial Structure

- (1) Ratio of liabilities to assets = Total liability / Total assets
- (2) Ratio of long-term capital to property, land and equipment = (Net shareholders' equity + Long-term liability) / Net property, land and equipment
2. Solvency
 - (1) Current ratio: Current assets / current liability
 - (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability
 - (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
 - (1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
 - (2) Days sales in accounts receivable = 365 / Account receivable turnover
 - (3) Inventory turnover = Cost of goods sold / Average inventory amount
 - (4) Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold / Average accounts payable (including accounts payable and notes payable derived from business operation)
 - (5) Average days in sales = 365 / Inventory turnover
 - (6) Property, land and equipment turnover = Net sales / Net property, land and equipment
 - (7) Total assets turnover = Net sales / Total assets
4. Profitability
 - (1) Return on assets = (Net income (loss) + interest expense x (1-tax rate)) / Average total assets
 - (2) Return on shareholders' equity = Net income (loss) / Net average shareholders' equity
 - (3) Profit ratio = Net income (loss) / Net sales
 - (4) Earnings per share = (Net income attributable to owners of the parent – preferred stock dividend) / Weighted average stock shares issued
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activity / Current liability
 - (2) Cash flow adequacy ratio = Net cash flow from operating activity in the past 5 years / (Capital expenditure + Inventory interest + Cash dividend) in the past 5 years
 - (3) Cash + reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Property, land and equipment + Long term investment + Other assets + Working capital)
6. Leverage
 - (1) Degree of operating leverage = (Net operating income – Variable operating cost and expense) / Operating income(note 5)
 - (2) Degree of financial leverage = Operating income / (Operating income – interest expense)
7. Key performance Indicator
 - (1) Revenue growth rate = (This year's revenue - Last year's revenue)/ Last year's revenue
 - (2) Net income growth rate =(This year's Net Income - Last year's Net Income)/ Last year's Net Income

Note3: The following factors are to be included in the consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at year end.
2. For capitalization with cash or treasury stock trade, the stock circulation must be included for consideration to calculate weighted average shares.
3. For capitalization with retained earnings and additional paid-in capital, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) should be deducted from net income or added to the net loss. If preferred shares are not cumulative, preferred stock dividend should be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note4: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Cash Flow Statement.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, land and equipment for the total Property, land and equipment before deducting the cumulative depreciation.

Note5: Issuer should classify operating cost and operating expense according to fixed and variable category. If the classification is estimated and subjective, it should correspond with rationality and consistency.

Note6: In the case of shares issued by a company with no par value or a par value other than NT\$10 per share, the calculation of ratio of the paid-in capital shall be replaced by ratio of the equity attributable to owners of the parent.

3. Financial Analysis-ROC GAAP(Consolidated Financial Statements)

Item(Note 2)	Year	Five-Year Financial Summary(Note1)				
		2011	2012	2013	2014	2015
Financial structure (%)	Ratio of liabilities to assets	62.68	60.79	Not applicable		
	Ratio of long-term capital to fixed assets	927.61	797.06			
Solvency (%)	Current ratio	154.42	160.15			
	Quick ratio	112.51	107.32			
	Times interest earned ratio	19,801.08	25,273.81			
Operating ability	Accounts receivable turnover (turns)	4.53	3.91			
	Average collection period	80.57	93.35			
	Inventory turnover (turns)	1.33	1.04			
	Accounts payable turnover (turns)	3.66	3.13			
	Average days in sales	274.43	350.96			
	Fixed assets turnover (turns)	49.87	27.95			
	Total assets turnover (turns)	1.48	1.25			
Profitability	Return on total assets (%)	9.76	10.50			
	Return on stockholders' equity (%)	25.58	27.31			
	Ratio to issued capital (%)	Operating income	166.36		212.79	
		Pre-tax income	173.43	207.05		
	Profit ratio (%)	6.55	8.34			
Cash flow	Earnings per share (\$)	13.30	15.38			
	Cash flow ratio (%)	8.19	17.66			
	Cash flow adequacy ratio (%)	63.54	79.15			
Leverage	Cash reinvestment ratio (%)	(3.30)	8.77			
	Operating leverage	1.01	1.01			
Key Performance Indicator	Financial leverage	1.01	1.00			
	Unfinished construction (NT\$ thousands)	5,359,901	6,574,929			
	Revenue growth rate(%)	36.59	(0.46)			
	Net income growth rate(%)	(22.92)	26.77			
Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.) : Not applicable.						

Note1: Financial information in 2011 and 2012 has been audited by CPA. The Financial information in 2013~2015 was prepared in accordance with IFRS. Please refer to the tables above.

Note2: Formulas for the above table are as follows.

1. Financial Structure

- (1) Ratio of liabilities to assets = Total liability / Total assets
- (2) Ratio of long-term capital to fixed assets = (Net shareholders' equity + Long-term liability) / Net fixed assets

2. Solvency

- (1) Current ratio: Current assets / current liability
- (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability
- (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year

3. Operating ability

- (1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
- (2) Days sales in accounts receivable = 365 / Account receivable turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory amount

- (4) Account payable turnover (including accounts payable and notes payable derived from business operation) = $\text{Cost of goods sold} / \text{Average accounts payable (including accounts payable and notes payable derived from business operation)}$
- (5) Average days in sales = $365 / \text{Inventory turnover}$
- (6) Fixed assets turnover = $\text{Net sales} / \text{Net fixed assets}$
- (7) Total assets turnover = $\text{Net sales} / \text{Total assets}$
4. Profitability
 - (1) Return on assets = $(\text{Net income (loss)} + \text{interest expense} \times (1 - \text{tax rate})) / \text{Average total assets}$
 - (2) Return on shareholders' equity = $\text{Net income (loss)} / \text{Net average shareholders' equity}$
 - (3) Profit ratio = $\text{Net income (loss)} / \text{Net sales}$
 - (4) Earnings per share = $(\text{Net income} - \text{preferred stock dividend}) / \text{Weighted average stock shares issued}$
5. Cash flow
 - (1) Cash flow ratio = $\text{Net cash flow from operating activity} / \text{Current liability}$
 - (2) Cash flow adequacy ratio = $\text{Net cash flow from operating activity in the past 5 years} / (\text{Capital expenditure} + \text{Inventory interest} + \text{Cash dividend}) \text{ in the past 5 years}$
 - (3) Cash + reinvestment ratio = $(\text{Net cash flow from operating activity} - \text{Cash dividend}) / (\text{Fixed assets} + \text{Long term investment} + \text{Other assets} + \text{Working capital})$
6. Leverage
 - (1) Degree of operating leverage = $(\text{Net operating income} - \text{Variable operating cost and expense}) / \text{Operating income (note 6)}$
 - (2) Degree of financial leverage = $\text{Operating income} / (\text{Operating income} - \text{interest expense})$
7. Key performance Indicator
 - (1) Revenue growth rate = $(\text{This year's revenue} - \text{Last year's revenue}) / \text{Last year's revenue}$
 - (2) Net income growth rate = $(\text{This year's Net Income} - \text{Last year's Net Income}) / \text{Last year's Net Income}$

Note3: The following factors are to be included in the consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at year end.
2. For capitalization with cash or treasury stock trade, the stock circulation must be included for consideration to calculate weighted average shares.
3. For capitalization with retained earnings and additional paid-in capital, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) should be deducted from net income or added to the net loss. If preferred shares are not cumulative, preferred stock dividend should be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note4: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Cash Flow Statement.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross fixed assets for the total fixed assets before deducting the cumulative depreciation.

Note5: Issuer should classify operating cost and operating expense according to fixed and variable category. If the classification is estimated and subjective, it should correspond with rationality and consistency.

4. Financial Analysis-ROC GAAP(Standalone Financial Statements)

Item(Note 2)		Year					
		Five-Year Financial Summary(Note1)					
		2011	2012	2013	2014	2015	
Financial structure (%)	Ratio of liabilities to assets	32.96	38.03				
	Ratio of long-term capital to fixed assets	1,533.42	1,660.04				
Solvency (%)	Current ratio	193.99	177.06				
	Quick ratio	160.81	145.99				
	Times interest earned ratio	158,865.75	125,710.55				
Operating ability	Accounts receivable turnover (turns)	4.18	3.76				
	Average collection period	87	97				
	Inventory turnover (turns)	1.35	1.01				
	Accounts payable turnover (turns)	3.91	2.94				
	Average days in sales	270	361				
	Fixed assets turnover (turns)	32.81	20.34				
	Total assets turnover (turns)	0.99	0.82				
Profitability	Return on total assets (%)	16.16	17.56				
	Return on stockholders' equity (%)	25.59	27.31				
	Ratio to issued capital (%)	Operating income	59.57	110.55			
		Pre-tax income	143.90	180.82			
	Profit ratio (%)	16.33	21.45				
	Earnings per share (\$)	13.30	15.38				
Cash flow	Cash flow ratio (%)	24.25	52.59				
	Cash flow adequacy ratio (%)	60.67	86.48				
	Cash reinvestment ratio (%)	(5.78)	11.91				
Leverage	Operating leverage	1.01	1.01				
	Financial leverage	1.00	1.00				
Key Performance Indicator	Unfinished construction (NT\$ thousands)	2,279,710	2,964,057				
	Revenue growth rate(%)	10.86	(3.48)				
	Net income growth rate(%)	(22.93)	26.78				
Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.) : Not applicable.							

Note1: Financial information in 2011 and 2012 has been audited by CPA. The Financial information in 2013~2015 was prepared in accordance with IFRS. Please refer to the tables above.

Note2: Formulas for the above table are as follows.

1. Financial Structure

- (1) Ratio of liabilities to assets = Total liability / Total assets
- (2) Ratio of long-term capital to fixed assets = (Net shareholders' equity + Long-term liability) / Net fixed assets

2. Solvency

- (1) Current ratio: Current assets / current liability
- (2) Quick ratio = (Current assets – Inventory – Prepaid expense) / current liability
- (3) Times interest earned ratio = Net income before tax and interest expense / Interest expense of the year

3. Operating ability

- (1) Account receivable turnover (including accounts receivable and notes receivable derived from business operations) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
- (2) Days sales in accounts receivable = 365 / Account receivable turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory amount

- (4) Account payable turnover (including accounts payable and notes payable derived from business operation) = $\text{Cost of goods sold} / \text{Average accounts payable (including accounts payable and notes payable derived from business operation)}$
- (5) Average days in sales = $365 / \text{Inventory turnover}$
- (6) Fixed assets turnover = $\text{Net sales} / \text{Net fixed assets}$
- (7) Total assets turnover = $\text{Net sales} / \text{Total assets}$
4. Profitability
 - (1) Return on assets = $(\text{Net income (loss)} + \text{interest expense} \times (1 - \text{tax rate})) / \text{Average total assets}$
 - (2) Return on shareholders' equity = $\text{Net income (loss)} / \text{Net average shareholders' equity}$
 - (3) Profit ratio = $\text{Net income (loss)} / \text{Net sales}$
 - (4) Earnings per share = $(\text{Net income} - \text{preferred stock dividend}) / \text{Weighted average stock shares issued}$
5. Cash flow
 - (1) Cash flow ratio = $\text{Net cash flow from operating activity} / \text{Current liability}$
 - (2) Cash flow adequacy ratio = $\text{Net cash flow from operating activity in the past 5 years} / (\text{Capital expenditure} + \text{Inventory interest} + \text{Cash dividend}) \text{ in the past 5 years}$
 - (3) Cash + reinvestment ratio = $(\text{Net cash flow from operating activity} - \text{Cash dividend}) / (\text{Fixed assets} + \text{Long term investment} + \text{Other assets} + \text{Working capital})$
6. Leverage
 - (1) Degree of operating leverage = $(\text{Net operating income} - \text{Variable operating cost and expense}) / \text{Operating income (note 6)}$
 - (2) Degree of financial leverage = $\text{Operating income} / (\text{Operating income} - \text{interest expense})$
7. Key performance Indicator
 - (1) Revenue growth rate = $(\text{This year's revenue} - \text{Last year's revenue}) / \text{Last year's revenue}$
 - (2) Net income growth rate = $(\text{This year's Net Income} - \text{Last year's Net Income}) / \text{Last year's Net Income}$

Note3: The following factors are to be included in the consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at year end.
2. For capitalization with cash or treasury stock trade, the stock circulation must be included for consideration to calculate weighted average shares.
3. For capitalization with retained earnings and additional paid-in capital, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) should be deducted from net income or added to the net loss. If preferred shares are not cumulative, preferred stock dividend should be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note4: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Cash Flow Statement.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross fixed assets for the total fixed assets before deducting the cumulative depreciation.

Note5: Issuer should classify operating cost and operating expense according to fixed and variable category. If the classification is estimated and subjective, it should correspond with rationality and consistency.

iii. Audit Committee's Review Report in the Most Recent Year

Acter Co., Ltd. Audit Committee's Review Report

This company's 2015 financial statements have been approved by the audit committee and resolved by the board of directors. The foregoing financial statements have been audited by CPA of KPMG under commission to the board, and the auditor has issued an audit report relating to the financial statements.

This company's 2015 business report and earnings distribution proposal have been prepared and issued by the board of directors. The foregoing business report and earnings distribution proposal have been reviewed and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

2016 shareholders meeting of Acter Co., Ltd.

Acter Co., Ltd.

Chairman of the Audit Committee: Yeh, Hui-Hsin

February 25, 2016

iv. Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014, and Independent Auditors' Report

Please refer to page 148 ~ page 211 of this annual report.

v. Impact on the company's financial situation if the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

None.

VII. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management

i. Financial Position

Unit: NT\$ thousand

Item	Year	2014	2015	Difference	
				Amount	%
Current Assets		6,252,885	7,512,052	1,259,167	20.14
Non-Current Assets		633,015	674,155	41,140	6.50
Total Assets		6,885,900	8,186,207	1,300,307	18.88
Current Liabilities		4,024,960	4,915,104	890,144	22.12
Non-Current Liabilities		192,562	207,286	14,724	7.65
Total Liabilities		4,217,522	5,122,390	904,868	21.45
Capital stock		461,359	466,159	4,800	1.04
Capital surplus		936,951	978,475	41,524	4.43
Retained Earnings		1,129,996	1,451,733	321,737	28.47
Other Equity		55,867	23,145	(32,722)	(58.57)
Total Equity		2,668,378	3,063,817	395,439	14.82

- Analysis of changes in financial ratios:
 - Current assets increased due to the increase in accounts receivable.
 - Current liabilities increased due to the increase in accounts payable and advance sales receipts.
 - Retained earnings increased due to the increase in comprehensive income.
 - Other equity decreased due to the issuance of new restricted employee shares.
- Future response actions: Not applicable.

ii. Financial Performance

Unit: NT\$ thousand

Item	Year	2014	2015	Difference	Percentage change (%)
Cost of Sales		6,959,257	7,447,159	487,902	7.01
Gross Profit		622,295	1,111,609	489,314	78.63
Operating Expenses		568,414	633,335	64,921	11.42
Operating Income		53,881	478,274	424,393	787.65
Non-operating Income and Gains		41,464	47,024	5,560	13.41
Non-operating Expenses and Losses		10,042	10,476	434	4.32
Income Before Tax		85,303	514,822	429,519	503.52
Tax Expense		(3,731)	91,792	95,523	2,560.25
Net Income		89,034	423,030	333,996	375.13

- Analysis of changes in financial ratios:
 - The increase in gross profit, operating profit, income before tax and net income was mainly due to the reorganization of our client Wintek in 2014 which lead to significant losses, showing the increase rate upon comparing with 2015.
 - The increase in tax expense was mainly due to the increase in income before tax by 503.52%.
- Expected sales volume and basis for estimates :

Please refer to page 4 “2.2.2 Expected sales volume and basis for estimates” of this annual report.

iii. Cash Flow

1. Cash Flow Analysis for the Current Year (2015)

Item \ Year	2014	2015	Variance %
Cash Flow Ratio (%)	4.57	6.11	33.70
Cash Flow Adequacy Ratio (%)	49.01	39.85	(18.69)
Cash Reinvestment Ratio (%)	(9.48)	6.18	165.19

Analysis of financial ratio change:

- The increase in cash flow ratio was mainly due to the fact that billings made towards the end of 2015 were collected within the terms of payment.
- The increase in cash reinvestment ratio was mainly due to the increase in income before tax and cash flow from operating activities.

2. Remedy for Cash Deficit and Liquidity Analysis

None.

3. Cash Flow Analysis for the Coming Year(2016)

Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow(Inflow) from Investing and Financing Activities (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,495,223	(342,209)	(283,064)	1,436,078	None	None

Analysis of change in cash flow for the coming year:

- Operating Activities: The cash inflow will be generating from construction revenue.
- Investing Activities: The cash outflow will be mainly due to financing plans and the acquisition of property.
- Financing Activities: The cash outflow will be mainly due to cash dividend payment.

iv. Major Capital Expenditure Items

None.

v. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

1. Investment Policy

Acter aims to become a globalized organization, first by securing a strong foothold in Asian markets, and then gradually replicating its successful experience to other parts of the world. This strategy begins with the Greater China region, where the company has subsidiaries in Suzhou, Shenzhen and Shanghai. Each subsidiary will be run by a dedicated team in order to closely serve local industry. Southeast Asia is another one of the company's overseas business focuses. Acter established a presence here as early as 2010 by creating a subsidiary named Nova Technology Singapore Pte. Ltd. (NTS) in Singapore. This Singaporean subsidiary has turned out to be a successful foundation for promoting the company's cleanroom services to chemical and petrochemical industries throughout emerging Asian nations. In the future, Acter will continue to expand its business reach deep within Southeast Asia, with plans to set up in Penang, Malaysia,

Jakarta, Indonesia, and Yangon, Myanmar, by 2012, 2013 and 2014. By which time, Taiwan, China, Singapore and Vietnam will play a role as a support center that supplies Malaysian, Indonesian and Myanmar counterparts with raw materials, technical know-how, and human resources. Once the Southeast Asian subsidiaries have formed a functional network, they will provide more flexibility to the company's engineering services in Southeast Asia. Below is a list of company that the company has established in recent years:

(1) ENRICH TECH CO., LTD

In order to be more capable of providing customers with industrial integration services, the Company acquired Yeu Shun Construction Co., Ltd. to be its subsidiary and changed its name to Enrich Tech Co., Ltd.

(2) WINMEGA TECHNOLOGY CORP.

Winmega Technology Corp. established through re-investment by Nova Technology Corp. mainly deals with chemical supply equipment and integrates it to provide customers with more complete services.

(3) GLOBAL ONE SOURCE LIFE SCIENCES CO.,LTD

In order to develop its biotech business in Mainland China, the Company established a joint venture under the name of Global One Source Life Sciences Company Limited with Double Dragon Consulting, Inc. and Winifred International Technology Ltd. through Sheng Huei International Co. in Hong Kong. The company holds 40% of the joint venture's shares.

(4) ACTER ENGINEERING COMPANY CO., LTD.

Based on the Company's strategy to develop in multiple regions, the subsidiary Acter Engineering Company Co., Ltd. was established in Myanmar to help expand into the Southeast Asia market.

2. Main Causes for Profits or Losses and Improvement Plans

(1) Main Causes for Profits or Losses

The minor loss on investment recognized is mainly due to the fact that these new companies are in an early stage of business development, and require some time to adjust and source business opportunities.

(2) Improvement Plans

The company will seek to implement its management model with the new subsidiaries, while in the meantime developing an elite team of local talent that is capable of handling existing technologies. New investments created in recent years have all commenced business relationships with local customers, and we are confident of their potential to turn profitable and become local industry leaders.

3. Investment Plans for the Coming Year

Investors from Japan and other foreign countries are showing growing interest in Southeast Asia. While the inflow of capital is driving up local consumption and capital expenditure, the company has capitalized on this trend by establishing a local presence throughout Southeast Asia. The company will continue down this path over the next year, to adopt a globalized strategy that creates optimum returns for investors.

vi. Analysis of Risk Management

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate and its affiliates Finance, and Future Response Measures

(1) Interest Rates

A. Effects of Changes in Interest Rates on Corporate and its affiliates Finance

The interest income or interest expenses to net operating revenues in 2015 were below 0.13%. The effect of interest rate movements on net income was limited.

Unit: NT\$ thousand

Item	Year	2015	The 1 st Quarter of 2016
Interest Income(1)		11,230	Note1
Interest Expenses(2)		2,054	
Net Operating Revenue(3)		8,558,768	
Ratio of Interest Income to Net Operating Revenue (1)/(3)		0.13%	
Ratio of Interest Expenses to Net Operating Revenue (2)/(3)		0.02%	

Note1: Financial information in 2015 has been audited by CPA and financial information for the 1st quarter of 2016 has not been reviewed by CPA.

B. Future Response Measures

The company's interest expenses were incurred mainly due to the utilization of short-term working capital financing offered by banks. The company will continue maintaining close relationships with banking partners in order to borrow funds at more favorable rates and reduce interest expenses.

(2) Foreign exchange rates

A. Effects of Changes in Foreign Exchange Rates on Corporate and its affiliates Finance

The company and its affiliates are construction services provider and not importer/exporter. Although some of its raw materials are purchased from overseas suppliers and are denominated in foreign currencies, the NTD17,203,000 in exchange gains (losses) in 2015 was relatively insignificant compared to overall revenue and operating profits. For this reason, changes in exchange rates should not cause any significant impact on the company and its affiliates' revenues and profitability.

Unit: NT\$ thousand

Item	Year	2015	The 1 st Quarter of 2016
Income/Loss from Foreign Exchange Transactions		17,203	Note1
Net Operating Revenue		8,558,768	
Ratio of Income/Loss from Foreign Exchange Transactions to Net Operating Revenue(%)		0.201	
Operating Income		478,274	
Ratio of Income/Loss from Foreign Exchange Transactions to Operating Income (%)		3.597	

Note1: Financial information in 2015 has been audited by CPA and financial information for the 1st quarter of 2016 has not been reviewed by CPA.

B. Future Response Measures

Although exchange rate fluctuations have little effect on the company and its affiliates' operations, the company still attempts to mitigate exchange risks by closely monitoring exchange rate information provided by its banking partners, and by reflecting exchange rate fluctuations into the pricing of its sales and purchases.

(3) Inflation

A. Effects of Changes in Inflation on Corporate and its affiliates Finance

The changes in inflation does not have a significant impact on the company's profits and business operations during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

B. Future Response Measures

The company constantly monitors price changes in the market, and maintains good relations with suppliers to minimize the effect of cost variations on profitability. At the same time, the company has strict budget and internal controls in place to keep operating costs and expenses within reasonable levels.

2. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

(1) The Company did not engage in any high-risk or high-leveraged investments during the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report.

(2) The company has established the "Procedure for Loaning of Company Funds" which was reported to and approved by the shareholders meeting as the basis for making loans to others. The transactions and procedures related to lending are based on the company's "Procedure for Loaning of funds."

(3) The company has established the "Procedure for Endorsements and Guarantees" which was reported to and approved by the shareholders meeting as the basis for making endorsements and guarantees for others. The transactions and procedures related to making endorsement and guarantees are based on the company's "Procedure for Endorsements Guarantees."

(4) The Company didn't conduct any derivative transactions during the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report. Shall such needs arise due to business operation, the transaction will be processed in accordance with the Company's internal policy "Procedure for Acquisition and Disposal of Assets."

3. Future Research & Development Projects and Corresponding Budget

The R&D focus of system integration engineering is different from that of other industries in that system integration engineering is a customized solution developed

based on a project owner's needs, for which the company is required to explore different combinations of construction techniques, materials and equipment to deliver the best solution, while developing an operating system and environment that satisfies customers' production requirements. Due to the high dependency on customers' industry characteristics, the company's R&D efforts are largely focused on industry-specific innovations. In order to excel in innovation, the company and its affiliates have developed a fundamental research, design and management procedure that brings different teams of researchers to develop a tightly integrated customer solution. Below is a description of the company's future R&D plans:

- (1) Patent development: as at the end of 2015, the company had registered more than 30 patents in China; most of them relating to construction methods, applications and new materials, and software programming of a chemical equipment supply system.
- (2) Talent incubation and academia-industry cooperation: the company has comprehensive on-the-job training programs in place to help employees develop skills required, and works with scholars to explore new innovations. The company has been collaborating with National Taipei University of Technology, National Taiwan University of Science and Technology, and National Chin-Yi University of Technology in an internship program since 2006, and allying with Feng Chia University.
- (3) Energy-saving technologies: in light of rising global emphasis on energy-saving, green and low-carbon lifestyles, the company has devoted many resources into research on energy-saving construction techniques and products that help customers reduce costs by making more efficient use of available resources, and improving business competitiveness.
- (4) Biotech research: The innovation, research, and development efforts in the implementation of biotech pharmaceutical projects were mainly reflected in the system impact assessment (SIA). Modern biotech pharmaceutical companies must comply with the PIC/S GMP requirements and GEP (Good Engineering Practice) is the cornerstone of PIC/S GMP while SIA is at the core of GEP. The standard SIA operating procedure researched and developed by the Quality Control Department applies to projects during the design stage. Quality control engineers and system engineers apply the standard SIA operating procedure while performing internationally approved assessments of all systems involved in biotech pharmaceutical projects comprehensively. By successfully implementing the standard SIA operating procedure, it helps set a clear goal while biotech pharmaceutical projects are being qualified, which not only saves the manpower and time needed for a project but also perfects the qualification logic for biotech pharmaceutical projects.

- (5) Studies on rationalized production procedures: in-depth studies on project owners' production procedures are helpful to facilitate communications with them. Doing so allows the company to make adjustments and help project owners optimize the efficiency of their production environment. Due to the extensive range of industries that the company's services touch on, it is imperative for the company to gain in-depth knowledge of production procedures involved before recommending any solutions to customers.
- (6) Corresponding Budget

Unit : NT\$ thousand

Research projects	Current Progress	Expected research expenditure in the future	Completion Date	Project Description	Major factors that will impact future success
Useful new patents and invention patents	We are continually applying for related patents	12,890	Dec. 2016	Construction techniques are optimized.	<ul style="list-style-type: none"> • Personnel participate in research • Encouragement and support from management
Developing talent as well as industry-academia cooperation	Opening of Acter Elite courses	120	Dec. 2016	On-the-job training strengthens job skills, while cooperative R&D projects with academia pursue further innovation and breakthroughs.	<ul style="list-style-type: none"> • Combining academic knowledge with practice • Passing down technical applications

4. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The company constantly monitors changes in key policies and regulations around the world. The company also gathers market intelligence and adjusts business strategies to better control its financial performance. There have been no changes in key policies or regulations, locally or overseas, that have caused significant impact on the company's financial performance during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

5. Effects of and Response to Changes in Technology and in Industry Relating to Corporate Finance and Sales

In light of the relocation of many tech industries to Southeast Asia and China, the company has established subsidiaries in strategic locations such as Singapore, Malaysia, Vietnam, Indonesia, Myanmar, Shenzhen, Suzhou, Shanghai, and Zhangjiagang. This expanded network has enabled the company to cover a broader area and reach more customers. There have been no changes in technology or the overall industry that have caused significant impact on the company's financial performance during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The company and its affiliates have strived to upgrade its technical know-how in line with market trends since incorporation. It places a primary focus on quality, technology and service, and is dedicated to helping customers adopt the latest technologies. Over the years, the company has provided engineering services to a number of well-known companies including Siliconware Precision Industries, TSMC, and Corning (Taiwan). There has been no negative impact on the company's image requiring crisis management during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

The Company and its affiliates have no ongoing merger and acquisition activities.

8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The company currently does not have any plans to expand its plants.

9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The company provides construction services on a project-by-project basis. It mainly serves manufacturing companies and has no fixed customers. However, for large projects, there may be cases where revenue is earned from a few concentrated customers over a short period of time. As a means of controlling credit risks, the company performs credit assessments on customers before a project begins, and closely monitors customers' operations and market information once a project has kicked off.

The company conducts purchasing according to the nature and progress of construction, while adhering strictly to procurement and outsourcing procedures. There has been no concentration of purchasing during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The shareholdings of the Company's directors and supervisors have been stable during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report, and there have been no major transfers or swaps of shares.

11. Effects of, Risks Relating to and Response to Changes in Control over the Company

There were no changes in control over the company during the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report.

12. Litigious or Non-litigious Matters

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings:

A. Project payment lawsuit against Walsin Technology Corporation (Walsin):

Cause of lawsuit: The Company undertook the mechanical/electrical air-conditioning project of Walsin in December 2010. The project acceptance was completed in 2011 and the warranty period expired in 2012. Walsin demanded that the surplus of project payment worth NT\$42,189,100 be returned in November 2012.

Status of lawsuit: Taipei District Court, Taiwan determined that the company shall pay Walsin NTD 14,665,869 for the first trial (Reference number: 102 Year chien zi di No. 31) judgment. Both parties filed a case in court and it is currently with the Taiwan Supreme Court.

B. The non-contentious case of project payment with Wintek Corporation (Wintek) and its subsidiaries in China and Vietnam:

Cause of lawsuit: The Company and its subsidiary undertook the new manufacturing facility projects of Wintek in Dongguan, China and Gwangju, Vietnam between 2012 and 2013. Wintek started to be delinquent on payments in 2013 and filed for reorganization with Taiwan Taichung District Court on October 13, 2014. To protect the Company's rights as creditor, proceedings have been ongoing in respective jurisdictions for the debts in accordance with local legal requirements.

Status of lawsuit:

a. Wintek Taiwan: Approval of Wintek reorganization is pending at Taiwan Taichung District Court.

b. Wintek subsidiary in Vietnam: It has obtained an arbitrary award of winning a court case through Vietnam international arbitrary center and entered into a settlement agreement of paying in installments for the payment for reimbursement on debt. The company already received the first installment.

c. Wintek subsidiary in China: It already entered the reorganization procedure upon the ruling of reorganization of Guang Dong District.

C. Project payment lawsuit against Jing He Science Co., Ltd. (JHS) N2O & CO2 Gas Plant:

Cause of lawsuit: Nova Technology, a subsidiary company, has concluded a construction agreement with Jing He Science Co., Ltd. As Jing He suspended the construction without any prior consent causing the investment cost and procurement amount to surpass the price of the contract and that is unable to compensate the loss part. Currently, Nova Technology recognized Construction Loss in NTD 40,196 thousand according to International Financial Report Standards and testimony and information collected at the

present sage. The Construction Loss recognized in accordance with the difference between shall-be obtain amount and investing cost based on the appraisal report of court. Nova Technology has delegated a attorney of a law office to submit an action against Jing He Company. However, as it has not began a court session till the published date of the financial report, Nova Technology neither able to make estimation and evaluation on the result of judgment nor to appraise whether it may determined to take responsibility to the claim of damage of claim.

Status of lawsuit: Nova Technology has delegated an Attorney's Office to file a suit against Jing He Science currently. It neither predicts and evaluates the result of verdict for the case nor attempts to make an assessment on the claim for damages.

13. Other Major Risks

None.

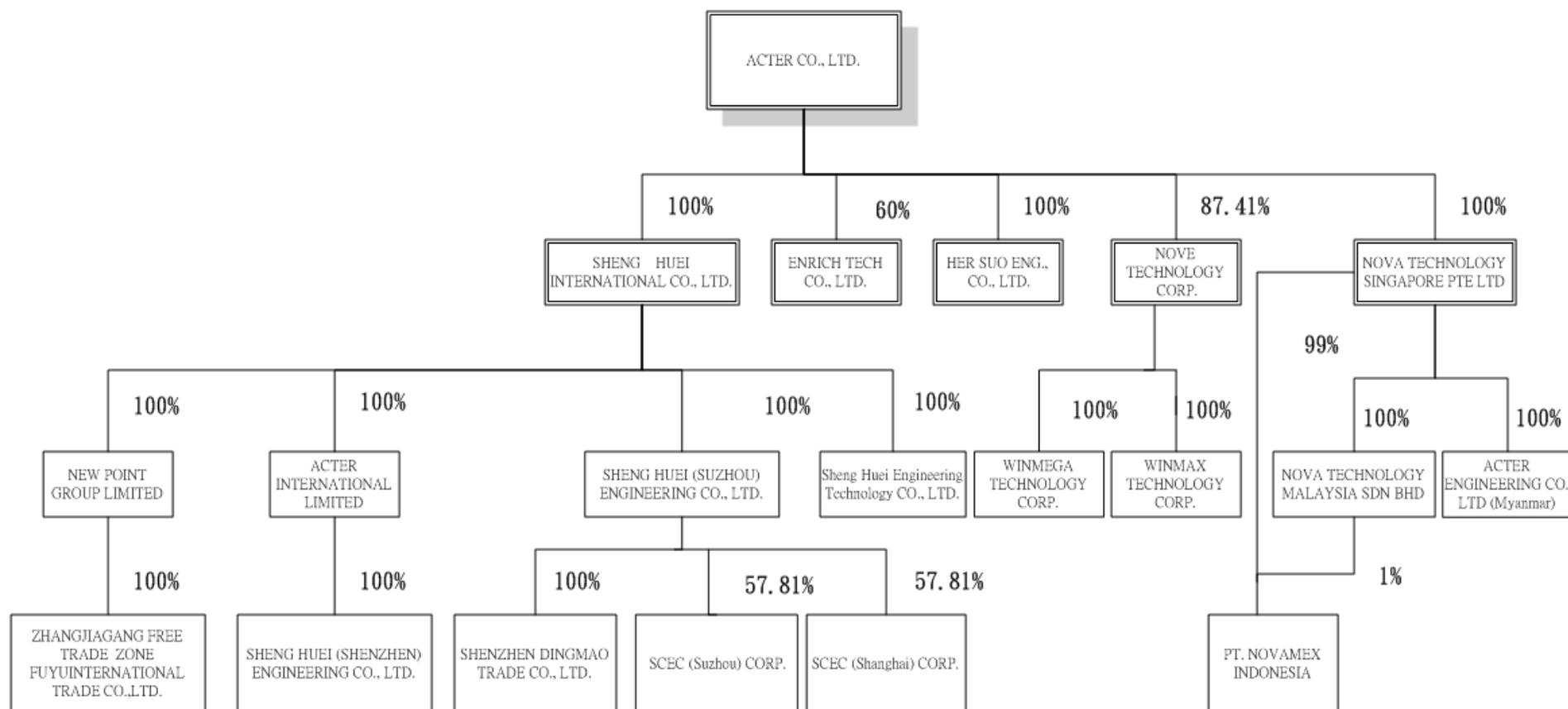
vii. Other Important Matter

None.

VIII. Special Disclosure

i. Summary of Affiliated Companies

1. Organizational chart of the affiliates (Dec. 31, 2015)



2. Basic Information on Affiliates

Dec. 31, 2015

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital (in thousands)	Business Activities
SHENG HUEI INTERNATIONAL CO., LTD.	2003.07.15	Samoa	NT\$129,126 (USD4,205)	Overseas investment holdings
HER SUO ENG., CO., LTD.	1998.04.30	Hsinchu County, Taiwan	NT\$100,000	Frozen and air-conditioning engineering, retail sale of household appliance, electric appliance construction, etc.
ENRICH TECH CO., LTD.	1996.05.20	Taichung, Taiwan	NT\$60,000	Comprehensive construction company
NOVA TECHNOLOGY CORP.	1997.06.13	Hsinchu County, Taiwan	NT\$253,600	Trading of equipments, and automated semiconductor supply system services, etc.
NOVA TECHNOLOGY SINGAPORE PTE., LTD.	1999.11.10	Singapore	NT\$63,233 (SGD2,700)	Automated semiconductor supply system services
NEW POINT GROUP LIMITED	2008.03.10	Brunei	NT\$6,110 (USD200)	Purchase and sale for cleanrooms and HVAC equipments, and overseas investment holdings, etc.
ACTER INTERNATIONAL LIMITED	2007.11.20	Kowloon, Hong Kong	NT\$15,980 (USD500)	Purchase and sale for cleanrooms and HVAC equipments, and overseas investment holdings, etc.
SHENG HUEI (SUZHOU) ENGINEERING CO., LTD.	2003.09.03	Jiangsu, China	NT\$252,821 (USD7,980)	Design, installation, technical support, and post-sales servicing for electromechanical equipments, HVAC equipments, and cleanrooms
SHENG HUEI ENGINEERING TECHNOLOGY CO., LTD.	2007.05.02	Vietnam.	NT\$15,212 (USD500)	Consumer and industrial installation of electrical appliance protection systems, central air conditioning systems, wastewater and gas emissions processing systems, as well as fire safety systems
WINMEGA TECHNOLOGY CORP.	2014.08.05	Hsinchu County, Taiwan	NT\$15,000	Electronics equipments, wholesale equipments, as well as wholesale chemical and mechanical equipments, etc.
WINMAX TECHNOLOGY CORP.	2002.06.13	Shanghai, China	NT\$151,426 (USD4,890)	Design and production of gas-bottle containers, valve boxes, and liquid transport containers
NOVA TECHNOLOGY MALAYSIA SDN BHD.	2011.11.24	Malaysia	NT\$9,722 (RM1,000)	Design and installation for construction
PT. NOVA MEX INDONESIA	2013.6.24	Indonesia	NT\$14,966 (USD500)	Installation, Purchase and sale for equipments
ZHANGJIAGANG FREE TRADE ZONE FUYU	2008.06.04	Jiangsu, China	NT\$6,110 (USD200)	Import and export businesses, electronics products, electromechanical equipments, transshipment trading of mainly construction materials, trade

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital (in thousands)	Business Activities
INTERNATIONAL TRADE CO.,LTD. TRADE CO., LTD.				between domestic corporations in bonded areas, trade with corporations external to the area with import/export rights, trade-related services
SHENG HUEI (SHENZHEN) ENGINEERING CO., LTD.	2005.06.21	Shenzhen, China	NT\$172,877 (USD5,330)	Design, installation, technical support, and post-sales servicing for electromechanical equipments, HVAC equipments, and cleanrooms
SHENZHEN DINGMAO TRADE CO.,LTD	2012.10.31	Shenzhen, China	NT\$2,338 (RMB500)	Sale of electromechanical equipments and accessories, mechanical equipments and accessories, pipeline equipments, cooling equipments, heating equipments, construction materials, decorative materials, electronic products, instrumentations and gauges, chemical products, and raw materials; domestic trade; import and export of goods and technologies
SCEC (SUZHOU) CORP.	2013.02.05	Jiangsu, China	NT\$62,443 (RMB12,573)	Design and technical support services for the design, installation, and repair of smart buildings, cleanroom systems, electromechanical systems, electromechanical equipments, petrochemical equipments, and pipeline equipments
SCEC (SHANGHAI) CORP.	2011.07.21	Shanghai, China	NT\$69,498 (USD2,364)	Wholesale, import and export of electromechanical equipments, petrochemical equipments, electronic products, monitoring equipments, ironware, building materials and commission agent
ACTER ENGINEERING CO., LTD.	2014.12.05	Myanmar	NT\$798 (USD25)	Installation for electromechanical equipments and HVAC equipments

3. Directors, Supervisors, Presidents of Affiliates

Dec. 31, 2015 ; Unit : Shares ; %

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
HER SUO ENGINEERING CO., LTD.	Chairman	ACTER CO., LTD.(Representative : Liang, Chin-Li)	10,000,000	100%
	Director	ACTER CO., LTD. (Representative : Tsai, Chih-Cheng)		
	Director	ACTER CO., LTD. (Representative : Hsu, Chung-Cheng)		
	Supervisor	ACTER CO., LTD. (Representative : Chen, Chih-Hao)		
	President	Tsai, Chih-Cheng	0	0.00%
SHENG HUEI INTERNATIONAL CO., LTD.	Legal Representative	ACTER CO., LTD. (Representative : Liang, Chin-Li)	4,204,773.82	100%
	Director	ACTER CO., LTD. (Representative : Yang, Jung-Tang)		
	Director	ACTER CO., LTD. (Representative : Hu, Tai-Tsen)		
	Supervisor	None		
SHENG HUEI (SUZHOU) ENGINEERING CO., LTD.	Chairman	SHENG HUEI INTERNATIONAL (Representative : Liang, Chin-Li)	Note 1	100%
	Director	SHENG HUEI INTERNATIONAL (Representative : Ma, Wei)		
	Director	SHENG HUEI INTERNATIONAL (Representative : Chen, Chih-Hao)		
	Supervisor	SHENG HUEI INTERNATIONAL (Representative : Hsu, Chung-Cheng)		
	President	Chen, Chih-Hao	0.00%	
SHENZHEN DINGMAO TRADE CO.,LTD	Chairman	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Chen, Chih-Hao)	Note 1	100%
	Director	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Jian, Jian-Jhih)		
	Director	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Liang, Chin-Li)		
	Supervisor	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Hsu, Chung-Cheng)		
	President	Chen, Chih-Hao	0.00%	
SHENG HUEI (SHENZHEN) ENGINEERING CO., LTD.	Chairman	ACTER INTERNATIONAL LIMITED (Representative : Chen, Chih-Hao)	Note1	100%
	Director	ACTER INTERNATIONAL LIMITED		

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
		(Representative : Hsu, Chung-Cheng)		
	Director	ACTER INTERNATIONAL LIMITED (Representative : Liang, Chin-Li)		
	Supervisor	ACTER INTERNATIONAL LIMITED (Representative : Chang, Ching-Chuan)		
	President	Chen, Chih-Hao		
ACTER INTERNATIONAL LIMITED	Legal Representative	SHENG HUEI INTERNATIONAL (Representative : Liang, Chin-Li)	500,000	100%
	Director	SHENG HUEI INTERNATIONAL (Representative : Yang, Jung-Tang)		
	Director	SHENG HUEI INTERNATIONAL (Representative : Hu, Tai-Tsen)		
	Supervisor	None		
NEW POINT GROUP LIMITED	Legal Representative	SHENG HUEI INTERNATIONAL (Representative : Liang, Chin-Li)	200,000	100%
	Director	SHENG HUEI INTERNATIONAL (Representative : Yang, Jung-Tang)		
	Director	SHENG HUEI INTERNATIONAL (Representative : Hu, Tai-Tsen)		
	Supervisor	None		
ZHANGJIAGANG FREE TRADE ZONE FUYU INTERNATIONAL TRADE CO.,LTD. TRADE CO., LTD.	Chairman	NEW POINT GROUP LIMITED (Representative : Liang, Chin-Li)	Note 1	100%
	Director	NEW POINT GROUP LIMITED (Representative : Yang, Jung-Tang)		
	Director	NEW POINT GROUP LIMITED (Representative : Chen, Chih-Hao)		
	Supervisor	NEW POINT GROUP LIMITED (Representative : Chang, Ching-Chuan)		
	President	Chen, Chih-Hao		
NOVA TECHNOLOGY CORP.	Chairman	Liang, Chin-Li	93,412	0.37%
	Director	Hsu, Chung-Cheng	44,723	0.18%
	Director	Ma, Wei	44,723	0.18%
	Director	Wu, Chien-Nan	2,896	0.01%
	Supervisor	ACTER CO., LTD. (Representative : Yang, Jung-Tang)	22,166,889	87.41%
	Supervisor	ACTER CO., LTD. (Representative : Sung, Ping-Chung)		
	Director	SOLAR APPLIED MATERIALS TECHNOLOGY CORPORATION (Representative : Chen, Lee-Ho)	2,462,028	9.71%
	President	Hsu, Chung-Cheng	44,723	0.18%

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
WINMAX TECHNOLOGY CORP.	Chairman	NOVA TECHNOLOGY CORP. (Representative : Hsu, Chung-Cheng)	Note 1	100%
	Director	NOVA TECHNOLOGY CORP. (Representative : Chen, Chih-Hao)		
	Director	NOVA TECHNOLOGY CORP. (Representative : Ma, Wei)		
	Supervisor	NOVA TECHNOLOGY CORP. (Representative : Liang, Chin-Li)		
	President	Hsu, Chung-Cheng		0.00%
NOVA TECHNOLOGY SINGAPORE PTE. LTD.	Director	ACTER CO., LTD. (Representative : Hsu, Chung-Cheng)	2,700,000	100%
	Director	ACTER CO., LTD. (Representative : Liang, Chin-Li)		
	Supervisor	None		
NOVA TECHNOLOGY MALAYSIA SDN. BHD.	Director	NOVA TECHNOLOGY SINGAPORE (Representative : Hsu, Chung-Cheng)	1,000,000	100%
	Director	NOVA TECHNOLOGY SINGAPORE (Representative : Liang, Chin-Li)		
	Director	NOVA TECHNOLOGY SINGAPORE (Representative : Yang, Jung-Tang)		
	Director	NOVA TECHNOLOGY SINGAPORE (Representative : Feng, Tai-Fang)		
	Director	NOVA TECHNOLOGY SINGAPORE (Representative : Tsai, Cheng-Yu)		
	Supervisor	None		
SHENG HUEI ENGINEERING TECHNOLOGY CO., LTD.	Chairman	SHENG HUEI INTERNATIONAL (Representative : Tseng, Wen-Jan)	Note 1	100%
	Director	SHENG HUEI INTERNATIONAL (Representative : Tsai, Chih-Cheng)		
	Director	SHENG HUEI INTERNATIONAL (Representative : Chang, Ching-Chuan)		
	Supervisor	None		
	President	Tseng, Wen-Jan		0.00%
SCEC (SUZHOU) CORP.	Chairman	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Hsu, Chung-Cheng)	Note 1	57.81%
	Director	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Liang, Chin-Li)		
	Director	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Chen, Chih-Hao)		
	Director	SCEC INTERNATIONAL (HK) COMPANY LIMITED (Representative : Tsutomu Konaka)		42.19%
	Director	SCEC INTERNATIONAL (HK) COMPANY LIMITED		

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
		(Representative : Akira Tasaka)		
	Supervisor	SCEC INTERNATIONAL (HK) COMPANY LIMITED (Representative : Kaneda Masahiro)		
	President	Hsu, Chung-Cheng		0.00%
SCEC(SHANGHAI) CORP.	Chairman	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Hsu, Chung-Cheng)	Note 1	57.81%
	Director	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Liang, Chin-Li)		
	Director	SHENG HUEI (SUZHOU) ENGINEERING CO., LTD. (Representative : Chen, Chih-Hao)		
	Director	SCEC INTERNATIONAL (HK) COMPANY LIMITED (Representative : Tsutomu Konaka)		42.19%
	Director	SCEC INTERNATIONAL (HK) COMPANY LIMITED (Representative : Akira Tasaka)		
	Supervisor	SCEC INTERNATIONAL (HK) COMPANY LIMITED (Representative : Kaneda Masahiro)		
	President	Hsu, Chung-Cheng		
PT. NOVAMEX INDONESIA	Chairman	NOVA TECHNOLOGY SINGAPORE (Representative : Hsu, Chung-Cheng)	500,000	100%
	Supervisor	NOVA TECHNOLOGY SINGAPORE (Representative : Yang, Wei-Chao)		
ENRICH TECH CO., LTD	Chairman	ACTER CO., LTD. (Representative : Liang, Chin-Li)	3,600,000	60%
	Director	ACTER CO., LTD. (Representative : Hsu, Chung-Cheng)		
	Director	ACTER CO., LTD. (Representative : Chuang, Cheng-Ting)		
	Director	ACTER CO., LTD. (Representative : Chang, Ching-Chuan)		
	Director	Li Xin Investment Co., Ltd. (Representative : Yeh, Shu-Chuan)	1,200,000	20%
	Supervisor	Tsao, Yun-Han	0	0.00%
	Vice President	Chuang, Cheng-Ting	100,000	1.67%
WINMEGA TECHNOLOGY CORP.	Chairman	NOVA TECHNOLOGY CORP. (Representative : Liang, Chin-Li)	1,500,000	100%
	Director	NOVA TECHNOLOGY CORP. (Representative : Hsu, Chung-Cheng)		

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
	Director	NOVA TECHNOLOGY CORP. (Representative : Wu, Chien-Nan)	0	0.00%
	Supervisor	NOVA TECHNOLOGY CORP. (Representative : Yang, Wei-Chao)		
	President	Wu, Jian-Nan		
ACTER ENGINEERING CO., LTD.	Legal Representative	NOVA TECHNOLOGY SINGAPORE (Representative : Chen, Chih-Hao)	25,000	100%
	Director	NOVA TECHNOLOGY SINGAPORE (Representative : Liang, Chin-Li)		
	Director	NOVA TECHNOLOGY SINGAPORE (Representative : Hsu, Chung-Cheng)		
	Supervisor	None		

Note1: The company is a limited company and doesn't issue shares.

4. Operation Status of Affiliates

Dec. 31, 2015 ; Unit: NT\$ thousand

Company Name	Capital Stock	Total Assets	Total Liabilities	Net Equity	Net Revenue	Operating Income	Net Income (Loss)	Basic Earnings Per Share
HER SUO ENGINEERING CO., LTD.	100,000	402,073	239,614	162,459	516,903	39,620	36,304	3.63
ENRICH TECH CO., LTD	60,000	63,442	9,339	54,103	57,136	(2,633)	(2,531)	(0.42)
NOVA TECHNOLOGY CORP.	253,600	1,552,719	744,788	807,931	1,407,756	26,332	150,448	5.93
WINMEGA TECHNOLOGY CORP.	15,000	66,836	32,056	34,780	68,267	22,271	19,493	13.00
WINMAX TECHNOLOGY CORP.	151,426	1,989,868	1,550,291	439,577	1,218,925	118,463	131,161	Note 1
NOVA TECHNOLOGY SINGAPORE PTE., LTD.	63,233	75,605	22,287	53,318	152,328	38,068	14,525	Note 1
NOVA TECHNLOGY MALAYSIA SDN BHD.	9,722	2,404	6,211	(3,807)	1,664	638	(4,988)	Note 1
PT. NOVAMEX INDONESIA	14,966	59,126	40,908	18,218	50,177	797	(3,602)	Note 1
ACTER ENGINEERING CO., LTD.	798	17,540	14,853	2,687	27,675	2,808	2,227	Note 1
SHENG HUEI INTERNATIONAL CO., LTD.	129,126	900,174	0	900,174	0	(36)	(28,563)	Note 1
SHENG HUEI ENGINEERING TECHNOLOGY CO., LTD.	15,212	87,120	83,532	3,588	57,197	19,506	15,399	Note 1
ACTER INTERNATIONAL LIMITED	15,980	208,777	12,666	196,112	0	(37)	(26,987)	Note 1
SHENG HUEI (SHENZHEN) ENGINEERING CO., LTD.	172,877	250,895	43,823	207,072	75,892	(23,741)	(26,986)	Note 1
NEW POINT GROUP LIMITED	6,110	308,442	151,015	157,427	186,394	79,967	87,831	Note 1
ZHANGJIAGANG FREE TRADE ZONE FUYU INTERNATIONAL TRADE CO.,LTD. TRADE CO., LTD.	6,110	316,000	160,479	155,521	325,459	10,334	8,203	Note 1
SHENG HUEI (SUZHOU) ENGINEERING CO., LTD.	252,821	1,097,372	636,317	461,055	714,646	(116,229)	(105,513)	Note 1
SHENZHEN DINGMAO TRADE CO.,LTD	2,338	7,028	1,545	5,483	21,747	1,413	1,179	Note 1
SCEC (SUZHOU) CORP.	63,443	25,031	5,427	19,604	20,840	(18,037)	(23,958)	Note 1
SCEC(SHANGHAI) CORP.	69,498	33,220	3,201	30,019	33,123	(344)	297	Note 1

Note1: The company is a limited company, so it's not applicable.

ii. Private Placement Securities in the Most Recent Years

None.

iii. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years

None.

iv. Other matters that require additional description

None.

IX. Any situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report

None.

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, 2015, 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. 10 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 25, 2016

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, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended December 31, 2015 and 2014. 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, 2015 and 2014, 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, 2015 and 2014 on which we have expressed an unqualified opinion.

February 25, 2016

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 Comprehensive Income
For the years ended December 31, 2015, and 2014
(In Thousands of New Taiwan Dollars)

		2015		2014	
		Amount	%	Amount	%
Operating revenues:					
4521	Construction revenue (Note 6 (4) and 7)	\$ 6,995,530	82	6,464,876	85
4529	Less: allowances	(21,049)	-	(5,594)	-
		6,974,481	82	6,459,282	85
4110	Sales	1,552,071	18	1,087,273	14
4800	Other operating revenue	32,216	-	34,997	1
		8,558,768	100	7,581,552	100
Operating cost:					
5520	Construction cost (Note 6 (4) and 7)	6,162,921	72	6,048,954	80
5110	Cost of goods sold (Note 6 (5))	1,277,277	15	902,706	12
5800	Other operating cost	6,961	-	7,597	-
		7,447,159	87	6,959,257	92
		1,111,609	13	622,295	8
Gross profit					
Operating expenses:					
6100	Selling	113,466	1	120,931	2
6200	General and administrative (Note 6 (3))	439,303	5	397,932	5
6300	Research and development	80,566	1	49,551	-
		633,335	7	568,414	7
		478,274	6	53,881	1
Operating income					
Non-operating income and expenses:					
7050	Finance costs	(2,054)	-	(3,500)	-
7010	Other income (Note 6 (17))	20,797	-	26,345	-
7070	Share of loss of associates accounted for using equity method (Note 6 (6))	(319)	-	(218)	-
7020	Other gains and losses, net (Note 6 (17))	18,124	-	8,795	-
		36,548	-	31,422	-
7900	Profit before tax	514,822	6	85,303	1
7950	Income tax expense (benefit) (Note 6 (19))	91,792	1	(3,731)	-
	Profit for the year	423,030	5	89,034	1
8300	Other comprehensive income, net of tax:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements effects on defined benefit plans	(1,154)	-	(1,299)	-
8330	Share of other comprehensive income fo subsidiaries and associates	(222)	-	(1,769)	-
		(1,376)	-	(3,068)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Foreign currency translation differences — foreign operations	(21)	-	29,352	-
8362	Net change in fair value of available-for-sale financial assets	(11,949)	-	(16,079)	-
8399	Less: Income tax relating to components of other comprehensive income that may be reclassified subsequently to profit or loss (note 6(19))	30	-	(6,331)	-
		(11,940)	-	6,942	-
8300	Other comprehensive income, net of tax	(13,316)	-	3,874	-
8500	Total comprehensive income	\$ 409,714	5	92,908	1
Profit attributable to:					
8610	Owners of parent	\$ 416,345	5	94,830	1
8620	Non-controlling interests	6,685	-	(5,796)	-
		\$ 423,030	5	89,034	1
Comprehensive income attributable to:					
8710	Owners of parent company	\$ 403,092	5	106,594	1
8720	Non-controlling interests	6,622	-	(13,686)	-
		\$ 409,714	5	92,908	1
Earnings per share (attributable to owner of parent company) (Note 6 (20))					
9750	Basic earnings per share(In New Taiwan Dollars)	\$ 9.02		2.06	
9850	Diluted earnings per share(In New Taiwan Dollars)	\$ 8.93		2.05	

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years ended December 31, 2015 and 2014
(Expressed in Thousands of New Taiwan Dollars)

	Attributable to owners of parent						Other equity interest				Non-controlling interests	Total equity	
	Retained earnings						Foreign currency translation adjustments	Unrealized gains(losses) on available-for-sale financial assets		Other			Total
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total		Total					
Balance, January 1, 2014	\$ 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)	
	461,359	896,599	333,976	36,885	667,373	1,038,234	27,590	13,445	-	41,035	-	2,437,227	
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	
Appropriation and distribution of retained earnings for the year ended 2015:													
Legal reserve	-	-	9,483	-	(9,483)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(93,232)	(93,232)	-	-	-	-	-	(93,232)	
	461,359	936,951	343,459	36,885	656,420	1,036,764	58,501	(2,634)	-	55,867	84,205	2,575,146	
Changes in ownership interest in subsidiaries	-	6,724	-	-	-	-	-	-	-	-	-	6,724	
Issuance of restricted shares of stock to employees	4,800	34,800	-	-	-	-	-	-	(20,845)	(20,845)	-	18,755	
	466,159	978,475	343,459	36,885	656,420	1,036,764	58,501	(2,634)	(20,845)	35,022	84,205	2,600,625	
Comprehensive income for the year ended 2015													
Profit	-	-	-	-	416,345	416,345	-	-	-	-	6,685	423,030	
Changes in comprehensive income	-	-	-	-	(1,376)	(1,376)	72	(11,949)	-	(11,877)	(63)	(13,316)	
Total comprehensive income	-	-	-	-	414,969	414,969	72	(11,949)	-	(11,877)	6,622	409,714	
Recognition of special reserve for first adoption of IFRSs	-	-	-	3	(3)	-	-	-	-	-	-	-	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	53,478	53,478	
Balance, December 31, 2015	\$ 466,159	978,475	343,459	36,888	1,071,386	1,451,733	58,573	(14,583)	(20,845)	23,145	144,305	3,063,817	

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years ended December 31, 2015 and 2014
(All Amount Expressed in Thousands of New Taiwan Dollars)

	2015	2014
Cash flows from operating activities:		
Profit before tax	\$ 514,822	85,303
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation (Including investment property)	24,632	24,489
Amortization	8,243	8,463
Provision for bad debt expense	42,149	71,566
Compensation cost arising from employee stock options	18,755	-
Provision for (Gain on reversal of) inventory obsolescence	(21,342)	1,299
Gain on disposal of investment	(2,830)	(3,309)
Share of loss (gain) of associates accounted for using equity method	319	218
Other	(8,001)	14,108
	61,925	116,834
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	(80,420)	9,429
Decrease (increase) in accounts receivable	(845,641)	173,019
Decrease (increase) in construction contracts receivable	(31,975)	2,508
Increase in inventories	(53,907)	(247,959)
Decrease (increase) in other financial assets	77,945	(174,960)
	(933,998)	(237,963)
Changes in operating liabilities:		
Increase (decrease) in notes payable	(16,163)	129,280
Increase in accounts payable	262,244	52,090
Increase in construction contracts payable	36,013	168,440
Increase in advance sales receipts	361,298	75,963
Increase (decrease) in other current liabilities	114,932	(54,862)
	758,324	370,911
Total adjustments	(113,749)	249,782
Cash inflow generated from operations	401,073	335,085
Interest received	10,867	10,670
Interest paid	(2,178)	(4,283)
Income taxes paid	(109,355)	(157,462)
Net cash generated from operating activities	300,407	184,010
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(180,000)	(307,162)
Proceeds from disposal of available-for-sale financial assets	203,816	330,268
Acquisition of subsidiaries	-	15,429
Acquisition of property, plant and equipment	(11,596)	(16,779)
Proceeds from disposal of property, plant and equipment	431	275
Increase in other non-current assets	(27,045)	(21,746)
Net cash generated from (used in) investing activities	(14,394)	285
Cash flows from financing activities:		
Increase (decrease) in short-term loans	105,622	(209,597)
Payment of cash dividends	(93,232)	(461,358)
Changes in non-controlling interests	53,478	97,891
Net cash generated from (used in) financing activities	65,868	(573,064)
Effect of exchange rate changes on cash and cash equivalents	1,897	73,988
Net decrease in cash and cash equivalents	353,778	(314,781)
Cash and cash equivalents at beginning of year	1,141,445	1,456,226
Cash and cash equivalents at end of year	\$ 1,495,223	1,141,445

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2015 and 2014
(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, 2015 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, 2015 and 2014 was assented to the audit committee over half of all members and authorized for issuance by the Board of Directors on February 25, 2016.

3. Adoption of new Standards and interpretations

(1) Impact of the 2013 version of the International Financial Reporting Standard (“IFRS”) endorsed by the Financial Supervisory Commissions R.O.C. (“FSC”)

The Group has adopted the 2013 version of the IFRS endorsed by the FSC (excluding IFRS 9—Financial instruments) in preparing consolidated financial statements starting 2015. The new standards and amendments issued by the International Accounting Standards Board (“IASB”) were as follows :

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

Acter Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

(2) New standards and interpretations not yet endorsed by the FSC

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

<u>New standards and amendments</u>	<u>Effective date per IASB</u>
• IFRS 9 “ <i>Financial Instruments</i> ”	January 1, 2018
• Amended IFRS 10 and IAS 28 “ <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ”	Effective date to be determined by IASB
• Amended IFRS 10, IFRS 12, and IAS 28 “ <i>Investment Entities: Applying the Consolidation Exception</i> ”	January 1, 2016
• Amended IFRS 11 “ <i>Accounting for Acquisitions of Interests in Joint Operations</i> ”	January 1, 2016
• IFRS 14 “ <i>Regulatory Deferral Accounts</i> ”	January 1, 2016
• IFRS 15 “ <i>Revenue from Contracts with customers</i> ”	January 1, 2018
• IFRS 16 “ <i>Leases</i> ”	January 1, 2019
• Amended IAS 1 “ <i>Disclosure Initiative</i> ”	January 1, 2016
• Amended IAS 7 “ <i>Disclosure Initiative</i> ”	January 1, 2017
• Amended IAS 12 “ <i>Recognition of Deferred Tax Assets for Unrealized Losses</i> ”	January 1, 2017
• Amended IAS 16 and IAS 38 “ <i>Clarification of Acceptable Methods of Depreciation and Amortization</i> ”	January 1, 2016
• Amended IAS 16 and IAS 41 “ <i>Agiculture: Bearer Plants</i> ”	January 1, 2016
• Amended IAS 19 “ <i>Defined Benefit Plans: Employee Contributions</i> ”	July 1, 2014
• Amended IAS 27 “ <i>Equity method in separate financial statements</i> ”	January 1, 2016
• Amended IAS 36 “ <i>Recoverable Amount Disclosures for Non-Financial Assets</i> ”	January 1, 2014
• Amended IAS 39 “ <i>Novation of Derivatives and Continuation of Hedge Accounting</i> ”	January 1, 2014
• Annual improvements to IFRSs 2010-2012 cycle and to IFRSs 2011-2013 cycle	July 1, 2014
• Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016
• Amended IFRIC 21 “ <i>Levies</i> ”	January 1, 2014

The Group is in the process of assessing the impact on the financial position and results of operations related to the above standards and interpretations. Related impact will be disclosed following the completion of its assessments.

4. Summary of Significant accounting policies

The significant accounting policies applied are summarized as follows. The following significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements except for note 3 indicated.

Acter Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

(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:

- 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 entity is determined based on the primary economic environment in which the entity operates. 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.

Accounting policies of subsidiaries have been adjusted to ensure consistency with the policies adopted by the Group.

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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. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

B. List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding	
			2015.12.31	2014.12.31
(a) The Company	Nova Technology Corp. (Nova Tech) (Note 5)	Wholesale of electronic and chemical equipment	87.41%	88.95%
	HerSuo Engineering Co., Ltd. (HerSuo)	Construction and set-up of freezing equipment	100%	100%
	Enrich Tech Co., Ltd. (Enrich Tech)(Note 4)	Comprehensive construction company	60%	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 6)	Wholesale of electronic and chemical engineering equipments	100%	100%
(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 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%
(d) NTS	Sheng Huei Engineering Technology Co., Ltd. (Sheng Huei Engineering)	Set-up of electronic protection systems and central air conditioners	100%	100%
	Nova Technology Malaysia Sdn. Bhd. (NTM)	Auto-supply system for semiconductors	100%	100%
	Novamex Indonesia, PT. (NMI) (Note 1)	Huge machinery and other goods trading	100%	100%
(e) Sheng Huei (Suzhou)	Acter Engineering Co., Ltd. (Acter Engineering) (Note 2)	Constructin and setup of electronic equipment and air conditioners	100%	-
	Shenzhen Ding –Mao Trade Co., Ltd. (Shenzhen Ding –Mao)	Electronic equipment and machinery trading	100%	100%
	SCEC (Suzhou) Corporation (SCEC Suzhou)	Construction and set-up of electronic equipment and air conditioners	57.81%	57.81%

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Name of investor	Name of subsidiary	Principal activity	Shareholding	
			2015.12.31	2014.12.31
	SCEC (Shanghai) Corporation (SCEC Shanghai) (Note 3)	Wholesale, import and export of equipment and commission agent	57.81%	57.81%
(f) Acter International	Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	Construction and set-up of electronic equipment and air conditioners	100%	100%
(g) New Point	Zhangjiagang Free Trade Zone Fuyu Internation Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100%	100%

Note 1: The ownership consists of 99% from NTS and 1% from NTM.

Note 2: NTS had established Acter Engineering in January, 2015.

Note 3: 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 4: Enrich Tech increased capital in March, 2015. The shareholding decreased from 100% to 60% because the Group did not participate in this investment.

Note 5: 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. Nova Tech increased capital in November, 2015, with 15% shares reserved for employee purchase. The Group participated in this investment by its shareholding ratio, making the shareholding of Nova tech decrease from 88.95% to 87.41%.

Note 6: 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.

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B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to NT dollars at the exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to NT dollars 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.

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 planned 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; the other assets as non-current.
 - A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
 - B. It holds the asset primarily for the purpose of trading;
 - C. It expects to realize the asset within twelve months after the reporting period; or
 - D. 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.

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2. An entity shall classify a liability as current when: it meets one of the following matters, the other liabilities as non-current.
 - A. It expects to settle the liability in its normal operating cycle;
 - B. It holds the liability primarily for the purpose of trading;
 - C. The liability is due to be settled within twelve months after the reporting period ; or
 - D. 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.

(6) Cash and cash equivalents

Cash comprise cash balances, call deposits, and checking 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.

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- 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 comprehensive income items.

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. A regular way to purchase or sale of financial assets shall be recognized and derecognized as applicable using the trade-date accounting.

Interest income is recognized in profit or loss, and it is included in non-operating income and expense.

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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.

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".

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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”.

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. Preferred 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.

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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 in comprehensive income items.

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

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” in comprehensive income items.

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 in comprehensive income items.

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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” in comprehensive income items.

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 transaction costs attributable 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.

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(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.

Contract costs that are not probable of being recovered are recognized as an expense immediately. Examples of circumstances in which the recoverability of contract costs incurred may not be probable and in which contract costs may need to be recognized as an expense immediately include:

- (a) that are not fully enforceable, meaning their validity is seriously in question;
- (b) the completion of which is subject to the outcome of pending litigation or legislation;
- (c) relating to properties that are likely to be condemned or expropriated;
- (d) when the customer is unable to meet its obligations; or
- (e) when the contractor is unable to complete the contract or otherwise meet its obligations under the contract.

(10) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

The equity of associates are incorporated in these consolidated financial statements using the equity method. Investments in associates are accounted for under equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes good will arising from the acquisition, less, any accumulated impairment losses.

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The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investees after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When changes in an associate's equity is caused by non-profit-or loss or other comprehensive income transactions, with no impact on the Group's shareholding ratio, the Group recognizes the changes in ownership interests of the associate attributable to the Group as capital surplus in proportion to its ownership interest.

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.

(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.

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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.

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

- a. Buildings: 5~49 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 5~49 years.
- d. The significant portion of other facilities consists of transportation vehicles and others, which are estimated over their useful life within 3~12 years.

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Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date by the Group. 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 2~10 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 by the Group. 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.

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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.

(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.

(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.

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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.

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 expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

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Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income into retained earnings or other equity. Once the amounts are reclassified into other equity, they shall not be reclassified into profit or loss or recognized in retained earnings in a subsequent period. Remeasurements of the defined benefit plans are recognized in retained earnings.

The Group recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and the change in the present value of the defined benefit obligation.

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) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and settlement date. Any change in the fair value of the liability is recognized as personnel expenses in profit or loss.

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(19) 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.

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.

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(20) 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.

At the acquisition date, components of non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. Other non-controlling interest is measured at fair value at the acquisition date or other valuation techniques acceptable under the IFRS as endorsed by the FSC.

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.

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.

(21) 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 or rewards that have not yet been authorized by the stockholders' meeting.

Incremental shares from issuance of shares from earning or capital surplus are calculated through retroactive adjustment.

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(22) 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.

When measuring the assets and liabilities, the Group uses observable inputs in the market at its best. The hierarchy of fair value is classified based on the input used by the valuation techniques as follows:

- Level 1: Public quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For information on assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next year, please refer to Note 6 (4) construction contracts.

6. Significant account disclosure

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Petty cash and cash on hand	\$ 4,296	25,228
Checking and demand deposits	853,034	755,059
Time deposits	122,400	171,330
Cash equivalent - repurchased commercial paper	515,493	189,828
	<u>\$ 1,495,223</u>	<u>1,141,445</u>

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The above-mentioned repurchased commercial paper rate as of December 31, 2015 and 2014 was 0.40%~0.44% and 0.60%~0.65%, respectively, and it matures from January 4 to February 1, 2016 and from January 14 to February 24, 2015, respectively.

Please refer to note 6 (21) 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, 2015	December 31, 2014
Current:		
Available-for-sale financial assets		
Beneficiary securities - open-end funds	\$ 211,765	233,202
Non-current:		
Available-for-sale financial assets		
Xantia Corporation Co., Ltd.	5,283	15,201
Holy Stone Healthcare Co., Ltd.	9,938	10,708
Financial assets carried at cost		
Taichung International Entertainment Co., Ltd. (under other noncurrent assets)	45	45
Total	\$ 227,031	259,156

- A. The aforesaid financial assets were not pledged.
- B. The aforementioned investments held by the Group are measured at cost less impairment losses on the reporting date. The fair values of these investments cannot be measured reliably because the range of reasonable fair value estimates is wide and the probabilities for each estimate cannot be reasonably determined.
- C. The risk of credit, currency and interest related to the financial instruments was disclosed in note 6 (21).

If the stock price changes at the reporting date, the changes in other comprehensive income of the Group are as follows: (The analysis was made on the same basis for both periods, assuming that all other variables remain constant):

	2015		2014	
	Other Comprehensive income (net of tax)	Net Income (net of tax)	Other Comprehensive income (net of tax)	Net Income (net of tax)
Stock Price				
Increase by 3%	\$ 6,810	-	7,773	-
Decrease by 3%	\$ 6,810	-	7,773	-

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(3) The net of notes and accounts receivable, and other receivables

	December 31, 2015	December 31, 2014
From operating activities:		
Notes receivable	\$ 245,882	165,462
Accounts receivable	2,669,818	1,824,177
Less: Allowance for impairment	(173,027)	(141,813)
	\$ 2,742,673	1,847,826
Other receivables	47,295	43,703
Less: Allowance for impairment	(10,893)	-
Total	\$ 2,779,075	1,891,529

The aging analysis of notes receivable, accounts receivable and other receivables which were past due but not impaired were as follows:

	December 31, 2015	December 31, 2014
Past due 1-120 days	\$ 365,242	973,627
Past due 121-180 days	45,359	82,502
Past due 181-360 days	183,577	117,690
Past due 361-540 days	19,080	18,304
	\$ 613,258	1,192,123

A. Accounts receivable includes retained construction receivable, which amounted to \$69,073, and \$47,682 as of December 31, 2015 and 2014, respectively.

B. The Group does not obtain collateral for the above collectibles, and the notes and accounts receivable are not 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, 2015 and 2014 were as follows:

	2015	2014
Balance, January 1	\$ 141,813	64,820
Impairment loss recognized	42,149	71,566
Effect of exchange rate changes	(42)	5,427
Balance, December 31	\$ 183,920	141,813

The Group's accounts receivable from Wintek Corporation and its subsidiaries amounted to \$59,568, which has been recognized as impairment loss in 2014.

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(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.

	2015	2014
Construction revenue recognized in the periods	<u>\$ 6,974,481</u>	<u>6,459,282</u>
B. Construction-in-progress		
	December 31, 2015	December 31, 2014
Accumulated construction costs incurred (including contract costs that relate to future activity)	\$ 8,851,988	8,283,489
Add: Accumulated construction profit and losses	187,938	171,113
	9,039,926	8,454,602
Less: Progress billings	(8,160,014)	(7,570,652)
	<u>\$ 879,912</u>	<u>883,950</u>
Construction contracts receivable presented as an asset	\$ 1,419,880	1,387,905
Construction contracts payable presented as a liability	(539,968)	(503,955)
	<u>\$ 879,912</u>	<u>883,950</u>
Advance received before construction begins	<u>\$ 4,575</u>	<u>3,346</u>

The Group's construction contracts receivable from Wintek Corporation and its subsidiaries amounted to \$155,635, which has been recognized as impairment loss in 2014.

(5) Inventories

	December 31, 2015	December 31, 2014
Finished goods and merchandise	\$ 85,842	60,674
Work in process and semi-finished goods	972,673	971,813
Raw materials	95,135	67,256
	1,153,650	1,099,743
Less: provision for inventory devaluation	(3,009)	(24,351)
	<u>\$ 1,150,641</u>	<u>1,075,392</u>

For the years ended December 31, 2015 and 2014, the Group wrote down (reversed) an operating cost of \$(21,342) and \$1,299, respectively, from the write-down (recovery) of inventory cost to net realizable value.

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The inventories are not pledged for the year ended December 31, 2015 and 2014.

(6) Investment in equity-accounted investees

A. Associates

The relevant information of the Group's equity-accounted investees is as follows:

<u>Associates</u>	<u>Relationship with the Company</u>	<u>Main Business Location /Registered country</u>	<u>Percentage of ownership and voting share</u>	
			<u>December 31,2015</u>	<u>December 31,2014</u>
Global OneSource Life Sciences Company Ltd.	Service for project management and consulting of techniques and design for pharmacy and medication, which is the Group's investment	Hong Kong	40%	40%

The Group's equity-accounted investment in all individually immaterial associates and the Group's share of the operating results are summarized below:

	<u>2015</u>	<u>2014</u>
The carrying amount of the Group's interests in all individually immaterial associates	<u>\$ 2,845</u>	<u>3,520</u>
Profit attributable to the Group:	<u>2015</u>	<u>2014</u>
Loss from continuing operation	<u>\$ (319)</u>	<u>(218)</u>
Comprehensive income	<u>\$ (319)</u>	<u>(218)</u>

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 and non-controlling interest

A. Acquisition of subsidiaries

a. Consideration transferred

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 reduced operating costs through economy of scale. The Group acquired 100% shareholding of Enrich Tech Co., Ltd. (Enrich Tech) by investing \$26,724 on June 13, 2014. Obtaining control on Enrich Tech expanded the Group's business line, and enabled the Group to provide clients with better service.

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- 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)
	<u>\$ 16,308</u>	<u>26,724</u>	<u>43,032</u>
Cash proceeds to purchase	<u>\$ (17,685)</u>	<u>(26,724)</u>	<u>(44,409)</u>

The difference between the fair value of SCEC Shanghai and cost of acquisition of SCEC Shanghai was \$ 1,377, which was recognized as loss on disposal of investment in 2014.

B. 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%. 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. Nova Tech increased capital in November, 2015, with 15% shares reserved for employee purchase ; The Group participated in this investment by its shareholding ratio, making the shareholding of Nova tech decrease from 88.95% to 87.41%. Enrich Tech increased capital in March, 2015. The shareholding decreased from 100% to 60% because the Group did not participate in this investment. The above transactions generated non-controlling interests amounting to \$53,478 and \$97,891 for the year ended December 31, 2015 and 2014, respectively.

(8) Significant subsidiaries of non-controlling interest

Non-controlling interests of subsidiaries of the Group that are significant to the Group are as follows:

Subsidiaries	Main Business Location/Registered Country	<u>Percentage of non-controlling ownership</u>	
		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Nova Tech	R.O.C.	12.59%	11.05%
Enrich Tech	R.O.C.	40%	-%
SCEC Shanghai	China	42.19%	42.19%
SCEC Suzhou	China	42.19%	42.19%

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The following information of the aforementioned subsidiaries has been prepared in accordance with IFRS endorsed by the FSC. Included in these information are adjustment made about the fair value and relevant difference in accounting principles between the Company and its subsidiary as at acquisition date. Intra-group transactions were not eliminated in this information.

A. Information regarding of Nova Tech:

	December 31,2015	December 31,2014
Current assets	\$ 991,167	711,962
Non-current assets	565,950	406,714
Current liabilities	(692,842)	(485,218)
Non-current Liabilities	(56,345)	(34,671)
Net assets	807,930	598,787
Non-controlling interest	101,727	66,166
	2015	2014
Operating revenue	\$ 1,407,756	1,075,490
Net income for the period	150,448	57,744
Other comprehensive income	2,525	8,874
Comprehensive income	152,973	66,618
Net income attributable to non-controlling interest	17,433	2,662
Comprehensive income attributable to non-controlling interest	17,709	7,402
Cash flows from operating activities	\$ (57,065)	(91,582)
Cash flows from investing activities	28,255	(818)
Cash flows from financing activities	55,600	96,951
Net increase (decrease) in cash and cash equivalents	\$ 26,790	4,551

B. Information regarding of Enrich Tech:

	December 31,2015	December 31,2014
Current assets	\$ 62,349	27,202
Non-current assets	1,093	736
Current liabilities	(9,339)	(15,929)
Net assets	54,103	12,009
Non-controlling interest	21,642	-

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	2015	2014
Operating revenue	<u>\$ 57,136</u>	<u>4,129</u>
Net income for the period	(2,531)	(7,010)
Other comprehensive income (loss)	-	-
Comprehensive income	<u>(2,531)</u>	<u>(7,010)</u>
Net income attributable to non-controlling interest	<u>(765)</u>	-
Comprehensive income attributable to non-controlling interest	<u>(765)</u>	-
Cash flows from operating activities	\$ (23,257)	9,687
Cash flows from investing activities	(617)	2,059
Cash flows from financing activities	44,625	(9,386)
Net increase (decrease) in cash and cash equivalents	<u>\$ 20,751</u>	<u>2,360</u>

C. Information regarding of SCEC Shanghai:

	December 31,2015	December 31,2014
Current assets	\$ 29,180	24,249
Non-current assets	4,040	7,433
Current liabilities	(3,021)	(1,839)
Net assets	<u>30,019</u>	<u>29,843</u>
Non-controlling interest	<u>12,665</u>	<u>12,590</u>
	2015	2014
Operating revenue	<u>\$ 33,123</u>	<u>983</u>
Net income for the period	297	(5,335)
Other comprehensive income	-	-
Comprehensive income	<u>297</u>	<u>(5,335)</u>
Net income attributable to non-controlling interest	<u>125</u>	<u>(2,251)</u>
Comprehensive income attributable to non-controlling interest	<u>125</u>	<u>(2,251)</u>
Cash flows from operating activities	\$ (19,522)	(3,520)
Cash flows from investing activities	1,703	(15)
Cash flows from financing activities	-	(500)
Effect of exchange rate changes	22	686
Net increase (decrease) in cash and cash equivalents	<u>\$ (17,797)</u>	<u>(3,349)</u>

D. Information regarding of SCEC Suzhou:

	December 31,2015	December 31,2014
Current assets	\$ 24,809	43,974
Non-current assets	222	7,035
Current liabilities	(5,427)	(20,359)
Net assets	<u>19,604</u>	<u>30,650</u>
Non-controlling interest	<u>8,271</u>	<u>5,449</u>

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	2015	2014
Operating revenue	\$ 20,840	35,640
Net income for the period	(23,958)	(14,713)
Other comprehensive income (loss)	-	-
Comprehensive income	(23,958)	(14,713)
Net income attributable to non-controlling interest	(10,108)	(6,208)
Comprehensive income attributable to non-controlling interest	(10,108)	(6,208)
Cash flows from operating activities	\$ (30,579)	(25,557)
Cash flows from investing activities	(79)	(239)
Cash flows from financing activities	-	29,632
Effect of exchange rate changes	22	1,312
Net increase (decrease) in cash and cash equivalents	\$ (30,634)	5,148

(9) Property, plant and equipment

	Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Cost:					
Balance on January 1, 2015	\$ 151,631	161,038	112,779	1,283	426,731
Additions	-	-	11,430	142	11,572
Disposals	-	(8)	(13,125)	-	(13,133)
Reclassifications	31,556	23,871	-	-	55,427
Effect of movements in exchange rates	-	(346)	(753)	(5)	(1,104)
Balance on December 31, 2015	\$ 183,187	184,555	110,331	1,420	479,493
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

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	Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Depreciation:					
Balance on January 1, 2015	\$ -	22,678	63,458	-	86,136
Depreciation	-	6,480	17,821	-	24,301
Disposals	-	(8)	(10,785)	-	(10,793)
Reclassifications	-	-	(24)	-	(24)
Effect of movements in exchange rates	-	(73)	(408)	-	(481)
Balance on December 31, 2015	<u>\$ -</u>	<u>29,077</u>	<u>70,062</u>	<u>-</u>	<u>99,139</u>
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	<u>\$ -</u>	<u>22,678</u>	<u>63,458</u>	<u>-</u>	<u>86,136</u>
Carrying amounts:					
Balance on December 31, 2015	<u>\$ 183,187</u>	<u>155,478</u>	<u>40,269</u>	<u>1,420</u>	<u>380,354</u>
Balance on December 31, 2014	<u>\$ 151,631</u>	<u>138,360</u>	<u>49,321</u>	<u>1,283</u>	<u>340,595</u>

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

(10) Investment Property

	Land and improvement	Building and construction	Facilities	Total
Cost:				
Balance on January 1, 2015	\$ 20,937	12,561	86	33,584
Balance on December 31, 2015	<u>\$ 20,937</u>	<u>12,561</u>	<u>86</u>	<u>33,584</u>
Balance on January 1, 2014	\$ 20,937	12,561	86	33,584
Balance on December 31, 2014	<u>\$ 20,937</u>	<u>12,561</u>	<u>86</u>	<u>33,584</u>
Depreciation:				
Balance on January 1, 2015	\$ -	2,645	71	2,716
Depreciation	-	331	-	331
Balance on December 31, 2015	<u>\$ -</u>	<u>2,976</u>	<u>71</u>	<u>3,047</u>
Balance on 1 January 2014	\$ -	2,314	65	2,379
Depreciation	-	331	6	337
Balance on December 31, 2014	<u>\$ -</u>	<u>2,645</u>	<u>71</u>	<u>2,716</u>
Carrying amounts:				
Balance on December 31, 2015	<u>\$ 20,937</u>	<u>9,585</u>	<u>15</u>	<u>30,537</u>
Balance on December 31, 2014	<u>\$ 20,937</u>	<u>9,916</u>	<u>15</u>	<u>30,868</u>
Fair value:				
Balance on December 31, 2015			<u>\$ 37,069</u>	
Balance on December 31, 2014			<u>\$ 37,069</u>	

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The board of directors of Acter resolved in November 2006 to purchase the building on Chiang Kai-shek Road, Taichung, for self-use or lease purposes, and the lease began in 2007. As of December 31, 2015, the future receivable for the Group was as follows:

Term	Amount
2016.01.01~2017.10.31	\$ <u><u>1,158</u></u>

- 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.

(11) Provisions

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

	2015	2014
Balance on January 1	\$ 195,917	200,651
Provisions made during the period	116,772	149,594
Provisions used during the period	(119,268)	(158,102)
Effect of movements in exchange rates	(439)	3,774
Balance on December 31	<u><u>\$ 192,982</u></u>	<u><u>195,917</u></u>

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.

(12) Short-term loans

	December 31, 2015	December 31, 2014
Unsecured bank loans	\$ 183,857	31,284
Secured bank loans	-	46,951
	<u><u>\$ 183,857</u></u>	<u><u>78,235</u></u>
Unused facilities	<u><u>\$ 1,912,269</u></u>	<u><u>2,842,107</u></u>
Interest Rate	<u><u>1.65%~2.00%</u></u>	<u><u>1.3%~2.33%</u></u>

For details of the related assets pledged as collateral, please refer to Note 8.

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(13) Advance sales receipts

Projects	December 31, 2015	December 31, 2014
W3-14C06X	\$ -	71,132
W3-14C04X	414,890	159,093
W3-15C07X	89,917	-
W3-14C05X	-	58,581
W3-14C06X	-	37,774
W3-14C05X	103,440	52,074
W3-15C05X	56,753	-
W3-14I00X	-	84,155
W3-14C10X	-	53,987
Other (Net less than 5%)	310,010	96,916
	\$ 975,010	613,712

(14) 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, 2015	December 31, 2014
Present value of defined benefit obligation	\$ 51,909	49,548
Fair value of plan assets	(17,004)	(14,806)
Defined benefit obligations	\$ 34,905	34,742

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 \$17,004 as of December 31, 2015. 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 Bureau of Labor Funds, Ministry of Labor.

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

	2015	2014
Balance, January 1	\$ 49,548	45,167
Service cost and interest for the period	991	903
Remeasurement of the net defined benefit liability (asset)		
— Actuarial loss generated from changes in financial assumptions	1,248	-
— Actuarial loss generated from changes in experience adjustments	122	3,478
Balance, December 31	\$ 51,909	49,548

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

	2015	2014
Balance, January 1	\$ 14,806	12,519
Contributions made	1,894	1,927
Interest revenue	316	269
Actuarial gain (loss)	(12)	19
Balance, December 31	\$ 17,004	14,806

(d) The expenses recognized in profit or loss

	2015	2014
Net interest cost of net defined benefit liability	\$ 675	634
Operating cost	126	117
Operating expense	549	517
	\$ 675	634

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

	2015	2014
Attributable to:		
The Company	\$ (1,350)	(3,202)
Non-controlling interests	(26)	134
Recognition for the period	\$ (1,376)	(3,068)

(f) Actuarial assumptions

The significant actuarial assumptions used to determine the present value of defined benefit obligation by the Group at the reporting date are as follows:

	December 31, 2015	December 31, 2014
Discount rate	1.875%	2.00%
Future salary rate increases	3.00%	3.00%

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The Group is expected to make a contribution payment of \$1,894 to the defined benefit plans for the one year period after the reporting date.

The weighted – average duration of the defined benefit plans is 20.19 years.

(g) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the balance sheet date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	The impact on defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
Discount rate	\$ (2,294)	2,412
Future salary increase (decrease)	2,369	(2,298)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2015 and 2014.

B. Defined contribution plans

The Company, HerSuo, Nova Tech and Enrich Tech contribute 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 in accordance with the provisions of the Labor Pension Act. The Group's offshore subsidiaries contribute pension to local social insurance agency in accordance with the provisions of local act. The Group's contributions to the Bureau of the Labor Insurance or other local social insurance agency for the employees' pension benefits require no further additional payment of legal or constructive obligations.

For the years ended December 31, 2015 and 2014, the Group set aside \$22,923 and \$20,839, respectively, of the pension costs under the defined contribution method.

(15) Capital and other equity

A. Issuance of common stock

The Company's shareholders' meeting on June 18, 2014 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 in December 2014, with a par value \$10, approbated by the Financial Supervisory Commission, effective on

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January 12, 2015. The record date of issuance of restricted stock to employees resolved by the board of directors was January 26, 2015. The Company filed an issuance of restricted stock to employees on May 28, 2015 for 720,000 shares, with a total shares amounting to \$7,200 and a par value \$10. The effective date of this issuance is June 12, 2015.

As of December 31, 2015 and 2014, the authorized common stock was \$720,000, while the issued common stock amounted to \$466,159 and \$461,359, respectively, with a par value of \$10 per share.

B. Capital surplus

The components of the capital surplus were as follows:

	December 31, 2015	December 31, 2014
From issuance of common stock	\$ 896,599	896,599
From changes in equity of associates and joint venture accounted for under equity method	47,076	40,352
From issuance of restricted stock to employee	34,800	-
	<u>\$ 978,475</u>	<u>936,951</u>

- a. 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.
- b. The company had not participated in the capital increased of Nova Tech in August, 2014. The shareholding of Nova Tech decreased from 100% to 88.95%. Nova Tech increased capital in November, 2015, with 15% shares reserved for employee purchase. The Group participated in this investment by its shareholding ratio, making the shareholding of Nova tech decrease from 88.95% to 87.41%. The above transactions increase in capital surplus amounting to \$571 and \$38,186 for the year ended December 31, 2015 and 2014, respectively.
- c. Enrich Tech increased capital in March, 2015. The shareholding decreased from 100% to 60% because the Group did not participate in this investment, with an increase in capital surplus amounting to \$6,153.
- d. The Company issued restricted stock to employees, resulting a premium on common stock amounted to \$34,800 and recognized in capital surplus. Please refer to Note 6 (16) for the relevant information.

The above transactions generated capital surplus amounting to \$41,524 and \$40,352 as of December 31, 2015 and 2014, respectively.

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

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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. Retained earnings

The Company recognized the remeasurements effects on defined benefit plans as other comprehensive income under retained earnings. The changes for the year ended December 31, 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Attributable to the Company	\$ (1,154)	(1,299)
Attributable to subsidiaries	(222)	(1,769)
	<u>\$ (1,376)</u>	<u>(3,068)</u>

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.

According to the Company Act which was amended in May 2015, employee bonuses and directors' remuneration are no longer subject to earnings distribution. The Company's articles of incorporation has been revised through the resolution of the Board of Directors meeting on November 10, 2015, and requires a pending approval from the shareholders meeting in 2016.

(1) 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.

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(2) 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 \$39,793, shall be recorded as special reserve under related rules, with an increase in special reserve amounting to \$3 and \$39,790 for the year ended December 31, 2015 and 2013, respectively. 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, 2015 and 2014, the Company's balance of special reserve was \$36,888 and \$36,885, respectively.

(3) Earnings distribution

Based on the abovementioned earnings distribution policy and taking into account the present operating conditions, the employee bonuses and remuneration to directors accrued for December 31, 2014 were \$3,457 and \$1,707, respectively. The actual distribution was consistent with the estimated amount stated in the consolidated financial report as of December 31, 2014.

On May 28, 2015, and June 18, 2014, the meeting of stockholders of Acter approved the distribution plan of retained earnings proposed by the Board of Directors. The information about dividends per share, employees' bonuses and directors' and supervisors' remuneration for 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Dividends per share (In New Taiwan Dollars):		
Cash	<u>\$ 2.00</u>	<u>10.00</u>
Employees' bonuses – cash	3,457	21,322
Directors' and supervisors' remuneration	1,707	10,973
	<u>\$ 5,164</u>	<u>32,295</u>

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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D. Other equity interest

	Foreign currency translation differences for foreign operations	Investment in available-for-sale financial assets	Other Equity-Unearned employee benefit	Total
Balance, January 1, 2015	\$ 58,501	(2,634)	-	55,867
Foreign currency translation differences (net of tax):				
The Group	72	-	-	72
Unrealized gains(losses) on available-for-sale financial assets:				
The Group	-	(11,949)	-	(11,949)
Unearned employee benefit				
The Group	-	-	(20,845)	(20,845)
Balance, December 31, 2015	<u>\$ 58,573</u>	<u>(14,583)</u>	<u>(20,845)</u>	<u>23,145</u>
Balance, January 1, 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	<u>\$ 58,501</u>	<u>(2,634)</u>	<u>-</u>	<u>55,867</u>

(16) Share-based payment

The Company's shareholders' meeting on June 18, 2014 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 in December 2014, with a par value \$10, approved 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. The Company filed an issuance of restricted stock to employees on May 28, 2015 for 720,000 shares, with a total shares amounting to \$7,200 and a par value \$10. The effective date of this issuance is June 12, 2015. The record date of issuance of restricted stock to employees resolved by the Board of Directors was January 11, 2016.

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Employees with restricted stock awards are entitled to purchase the Company's shares at the price of NT\$0 per share with the condition that these employees continue to work for the Company for the following three years and goals of financial performance in the next three years has been reached. 20%, 30% and 50% of the restricted shares of stock is vested in year 1, 2 and 3, respectively, when the above conditions are met. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. These shares of stock are entitled to the right as the holders of common shares once issued, except for those shares kept by a trust or shares that do not meet the vesting condition. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price, and cancel the shares thereafter.

The relevant information of restricted stock to employee is as follows :

	2015
Unit: In thousand shares	
Balance, beginning of the period	-
Granted	480
Vested	-
Forfeited	-
Balance, end of the period	480

There is a share-based payment trade as of December 31, 2015 :

	Equity-settled
	Restricted stock to employee
Grant date	2015.1.26
Grant (Unit : In thousand shares)	480
Contractual life	2015.1.26~2018.1.26
Object of grant	The Company's employees who have formal employment relationship with the Company and serve as supervisors above manager level related to business operation
Vesting conditions	Note 1

Note 1: A restricted stock is vested when the Company's financial performance given and employees' service years are met.

- a. The Company's financial performance is measured by sum of operating revenue and profit before tax, less share of gain of subsidiaries accounted for using equity method (gain on long-term investment) when it reaches the goal set by the Company in the next three years since issuance.
- b. Employees who are granted with restricted stock and serve in the Company before the vested period matures, and who do not violate against the labor contract or working rules, will be granted with restricted stock based on the following schedule and granted portion:

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Year/Goal	Granted Service Years	Granted Percentage when Goals Reached
First year	1 year	20%
Second year	2 years	30%
Third year	3 years	50%

1. The company used the Black-Scholes options pricing model to value the fair value of the share-based payment at grant date, and the main inputs to the pricing model were as follows :

	2015
	Restricted stock to employee
Fair value at grant date	\$61.5
Stock price at grant date	\$82.5
Exercise price	\$0.00
Expected price volatility (%)	29.02%
Life of option (year)	3
Expect divided yield rate (%)	9.76%
Risk-free rate (%)	1.21%

Expected price volatility is based on the weighted average of historical volatility, and it is adjusted when there is additional market information about the volatility. Life of option is determined by the Company's regulation regarding the issuance of restricted stock. Expected divided yield rate is determined based on the annual cash dividend yield rate measured by weighted stock index. Risk-free rate is determined based on rate of time deposits. Service and non-market performance conditions attached to the transactions are not taken into account in determining the fair value.

2. Relevant information on restricted stock to employee:
Information on restricted stock to employee was as follows :

	2015	
(Expressed in thousand unit)	Weighted-Average Exercise Price	Number of Exercisable Shares
Balance, beginning of the period	\$ -	-
Granted	-	480
Forfeited	-	-
Exercised	-	-
Expired	-	-
Balance, end of the period		480
Exercisable, end or the period		-

	December 31, 2015
Weighted-average remaining contractual life	2.07

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3. Expenses and liabilities resulting from share-based payments

The Company incurred expenses from shares-based payments transactions as follows :

	2015
Expenses resulting from issuance of restricted stock to employees	\$ 18,755

The Company issued restricted stock to employees amounted to \$4,800 for the year ended December 31, 2015. A capital surplus - restricted stock to employees resulting from the above transaction was recognized amounted to \$34,800. Expenses and unearned employee benefit resulting from the above transaction were recognized amounted to \$18,755 and \$20,845 as of December 31, 2015, respectively.

(17) Non-operating income and expenses

Other revenue

	2015	2014
Interest income	\$ 11,230	10,538
Rental income	1,292	1,292
Others	8,275	14,515
	\$ 20,797	26,345

Other income and losses

	2015	2014
Exchange gain on foreign currency	\$ 17,203	5,958
Gain on disposal of investment	2,830	3,309
Others	(1,909)	(472)
	\$ 18,124	8,795

(18) Remuneration to employees and directors

According to the Company's articles of incorporation, which has been approved by the Board of Directors and requires a pending approval from the shareholders meeting, remuneration to employees and directors should be appropriated amounted not lower to 3% and not higher to 5% of profit before tax without remuneration to employees and directors for the current year, respectively, after any accumulated deficit is offset against the current period profit, if any.

The remuneration to employees and directors was recognized as cost of sales or operating expenses on a specific percentage of net income. These amounts are calculated using the Company's profit before tax without the remuneration to employees and directors for each period multiplied by portion to be remunerated to employees and directors formulated by the Company's articles of incorporation. The Company recognized its remuneration to employees and directors of \$42,433 and \$21,216, respectively. The differences between the amounts distributed and estimated are accounted for as changes in accounting estimates and recognized as profit or loss for the year ended December 31, 2016.

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(19) Taxes

A. Income tax expense

The amount of income tax expense (benefit) for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Current income tax expense (benefit):		
Current period	\$ 130,114	89,832
10% surtax on undistributed earnings	26	8,934
Prior years income tax adjustment	<u>(6,704)</u>	<u>(4,803)</u>
	<u>123,436</u>	<u>93,963</u>
Deferred tax expense:		
Origination and reversal of temporary differences	(48,707)	(112,190)
Changes in deductible temporary difference without recognition	(3,081)	1,652
Recognition of previously unrecognized loss carry forward	<u>20,144</u>	<u>12,844</u>
	<u>(31,644)</u>	<u>(97,694)</u>
Income tax expense (benefit)	<u>\$ 91,792</u>	<u>(3,731)</u>

The amount of tax income expense (benefit) recognized in other comprehensive income for the years ended December 31, 2015 and 2014 were as follows:

	2015	2014
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences—foreign operations	<u>\$ (30)</u>	<u>6,331</u>

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

	2015	2014
Profit before tax	<u>\$ 514,822</u>	<u>85,303</u>
Tax rate according to the Group's location	\$ 87,520	14,501
Effect of difference in tax rate of foreign jurisdiction	19,456	(20,528)
Effect on income tax due to permanent difference		
Gain on domestic investment in equity-accounted investee	(28,288)	(15,794)
Prior years income tax adjustment	(6,704)	(4,803)
Others	2,719	(537)
Unrecognized loss carry forward	20,144	12,844
Changes in unrecognized temporary difference	(3,081)	1,652
10% surtax on undistributed earnings	26	8,934
Total	<u>\$ 91,792</u>	<u>(3,731)</u>

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B. Deferred tax asset and liability

(a) Unrecognized deferred tax asset

	December 31, 2015	December 31, 2014
Deductible temporary difference	\$ 4,848	7,929
Loss carry forward	37,913	17,769
	\$ 42,761	25,698

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, 2015, the subsidiaries' estimated unused carry-forwards were as follows:

Company Name	Year of Occurrence	Unused amount	Expiry Year	Note
Enrich Tech	2014	\$ 6,847	2024	Filing amount
Enrich Tech	2015	2,471	2025	Estimated filing amount
NTS	2014	3,192	-	Filing amount
NTM	2012	1,692	-	Filing amount
NTM	2013	1,020	-	Filing amount
NTM	2014	4,390	-	Filing amount
NTM	2015	4,952	-	Estimated filing amount
SCEC Suzhou	2013	6,776	2018	Filing amount
SCEC Suzhou	2014	17,148	2019	Filing amount
SCEC Suzhou	2015	15,745	2020	Estimated filing amount
Sheng Huei Shenzhen	2013	875	2018	Filing amount
Sheng Huei Shenzhen	2015	32,198	2020	Estimated filing amount
Sheng Huei Suzhou	2014	94,740	2019	Filing amount
Sheng Huei Suzhou	2015	1,055	2020	Estimated filing amount
SCEC Shanghai	2011	5,954	2016	Filing amount
SCEC Shanghai	2012	26,263	2017	Filing amount
SCEC Shanghai	2013	3,244	2018	Filing amount
SCEC Shanghai	2014	5,232	2019	Filing amount
		\$ 233,794		

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(b) Recognized deferred tax asset and liabilities

Deferred tax asset:

	January 1, 2014	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2014	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2015
Warranty cost	\$ 8,491	11,107	-	19,598	20,203	-	39,801
Loss on investment in foreign equity- accounted investee	-	4,829	-	4,829	3,305	-	8,134
Estimated construction loss	-	3,032	-	3,032	5,908	-	8,940
Loss carry forward	9,243	20,825	-	30,068	(10,534)	-	19,534
Allowance for decline in realizable value of inventory	3,373	182	-	3,555	(3,338)	-	217
Excessive provision of bad debt	12,322	14,258	-	26,580	6,197	-	32,777
Construction cost	5,439	11,774	-	17,213	24,038	-	41,251
Others	(1,409)	1,880	-	471	4,856	-	5,327
	\$ 37,459	67,887	-	105,346	50,635	-	155,981

Deferred tax liability:

	January 1, 2014	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2014	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2015
Gain on investment in foreign equity- accounted investee	\$ 165,396	(32,182)	-	133,214	19,912	-	153,126
Foreign currency translation differences for foreign operations	15,387	-	6,331	21,718	-	(4,430)	17,288
Others	261	2,375	-	2,636	(921)	-	1,715
	\$ 181,044	(29,807)	6,331	157,568	18,991	(4,430)	172,129

C. Income tax examination and approval

The income tax returns of the Company, Hersuo, Nova Tech and Enrich Tech, have been examined by the tax authorities through year 2013.

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D. Integrated income tax information

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

	December 31, 2015	December 31, 2014
Unappropriated earnings in 1998 and after	\$ 1,071,386	759,135
Balance of the Imputation Credit Account	\$ 162,376	149,670
	2015(Estimated)	2014(Actual)
Creditable ratio for distributed to domestic shareholders of earnings	15.16%	19.87%

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. For net dividends or earnings received by each individual shareholder residing in the territory of the Republic of China, the amount of imputation tax credit has been revised to half of the original amount. In addition, for the amount that actual paid from assessed 10% surtax of imputation tax credit came from net dividends or earnings received by each individual shareholder, half of the actual payment of 10% surtax on undistributed earnings can be offset against the income tax withheld.

(20) Earnings per share ("EPS")

	2015	2014
Profit attributable to common shareholders	\$ 416,345	94,830
Weighted average number of common shares (In thousand shares)	46,136	46,136
Basic Earnings per share (In New Taiwan Dollars)	\$ 9.02	2.06
Profit attributable to common shareholders	\$ 416,345	94,830
Weighted average number of common shares (In thousand shares)	46,136	46,136
Add: effect on dilutive potential common stock		
Employee bonuses (In thousand shares)	509	144
Restricted stock to employees (In thousand shares) (Note)	-	-
Diluted weighted average number of common shares (In thousand shares)	46,645	46,280
Diluted Earnings per share (In New Taiwan Dollars)	\$ 8.93	2.05

Note: The diluted shares are not calculated due to none diluted effect for the year ended December 31, 2015.

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(21) Financial Instruments

A. Credit risk

(a) Exposure to credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

(b) Concentration of credit risk

As of December 31, 2015 and 2014, concentration of credit risk came from the Group's top customer is not more than 11% and 8% of the Group's receivables, respectively, while that came from the Group's other top four customers is not more than 21% and 16% of the Group's receivables, respectively.

B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5years</u>	<u>More than 5 years</u>
December 31, 2015						
Non-derivative financial liabilities						
Unsecured bank loans	\$ 183,857	184,460	184,460	-	-	-
Notes payable	268,998	268,998	268,998	-	-	-
Accounts payable (including related parties)	<u>2,540,036</u>	<u>2,540,036</u>	<u>2,329,968</u>	<u>129,682</u>	<u>80,374</u>	<u>12</u>
	<u>\$ 2,992,891</u>	<u>2,993,494</u>	<u>2,783,426</u>	<u>129,682</u>	<u>80,374</u>	<u>12</u>
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)	<u>2,277,991</u>	<u>2,277,991</u>	<u>2,166,510</u>	<u>92,748</u>	<u>18,733</u>	-
	<u>\$ 2,641,387</u>	<u>2,641,924</u>	<u>2,530,443</u>	<u>92,748</u>	<u>18,733</u>	<u>-</u>

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

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C. Currency risk

(A) Exposure to currency risk

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

	December 31, 2015			December 31, 2014		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 22,264	33.066	736,181	9,557	31.718	303,115
CNY	219,700	5.0921	1,118,736	205,551	5.1125	1,050,879
SGD	2,279	23.4195	53,370	3,076	23.9852	73,790
JPY	17,421	0.2747	4,785	26,907	0.2652	7,136
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	9,528	33.066	315,037	11,110	31.718	352,397
CNY	159,398	5.0921	811,671	177,468	5.1125	907,306
SGD	213	23.4195	4,981	1,364	23.9852	32,716
JPY	117,994	0.2747	32,413	152,740	0.2652	40,507

(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, 2015 and 2014 would have increased or decreased the after-tax net income by \$7,490 and \$1,020, respectively. The analysis is performed on the same basis for both periods.

(C) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the year ended December 31, 2015 and 2014, the foreign exchange gain or loss, including both realized and unrealized, amounted to \$17,203 and \$5,958, respectively.

D. 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.

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	December 31, 2014				
	Book value	Fair Value			Total
		Level 1	Level 2	Level 3	
Other receivables	43,703	-	-	-	-
Financial liabilities at amortized cost through Profit or loss					
Short-term loans	78,235	-	-	-	-
Notes payable	285,161	-	-	-	-
Accounts payable	2,081,856	-	-	-	-
Accounts payable-related parties	218	-	-	-	-
Provisions-current	195,917	-	-	-	-
	\$ 5,933,517	259,111	-	-	259,111

(B) Fair value valuation technique of financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or regulators and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

The Group's financial instruments are broken down by the category and attributes of their fair value as follows if such financial instruments are traded in active markets: beneficiary securities—open-end fund and emerging stock, whose fair value was determined based on market quoted prices.

There were no transfers from one level to another for the year ended December 31, 2015 and 2014.

(22) 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

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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.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Group. The internal auditors assist the Group's audit committee in oversight, maintain control on risk management and procedures of both regular and exceptional reviews, and report the review results to the audit committee.

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.

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.

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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.

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.

(23) 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.

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

	December 31, 2015	December 31, 2014
Total liabilities	\$ 5,122,390	4,217,522
Less: cash and cash equivalents	(1,495,223)	(1,141,445)
Net debt	\$ 3,627,167	3,076,077
Total equity	2,919,512	2,584,173
Total capital	\$ 6,546,679	5,660,250
Debt to capital ratio	55.40%	54.35%

Management believes that there were no changes in the Group's approach to capital management for the year ended December 31, 2015.

7. Related party transactions

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(2) Key management personnel compensation

	2015	2014
Short-term employee benefits	\$ 53,157	40,547
Post-employment benefits	252	806
	\$ 53,409	41,353

(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	
	2015	2014	December 31, 2015	December 31, 2014
Entity under the key management's control	\$ 100	-	-	-

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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	
	2015	2014	December 31, 2015	December 31, 2014
Entity under the key management's control	\$ 905	1,197	459	218

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

8. Pledged assets

The Group's pledged assets were as follows:

Asset	Purpose of pledge	December 31, 2015	December 31, 2014
Other financial assets – current:			
Time deposit	Construction contract fulfillment and warranty guarantee	\$ 71,847	96,381

9. Significant commitments and contingencies

Significant commitments and contingencies for the Group as of December 31, 2015, and 2014 were as follows:

- (1) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to \$443,880 and \$474,758, respectively.
- (2) Bank pledges for engaging in construction contracts amounted to \$528,542 and \$548,497, respectively.
- (3) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for the competitive corporations amounted to \$730,813 and \$1,601,901, respectively.
- (4) Outstanding letters of credit were \$2,811 and \$12,325, respectively.
- (5) For already-signed but not-yet-finished significant construction contracts, please refer to note 6 (4).

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- (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. The civil judgment of the first instance during December, 2015 has been pronounced by the Taipei District Court, requiring the Company pay \$14,666 to Walsin, which has been fully recognized as loss by the Company. The Company has appealed to Taiwan High Court. As of December 31, 2015, the compensation remained \$8,376 payable, and has been recognized as other current liabilities and accrued expenses.
- (7) The Company's subsidiary, Nova Tech, signed a construction contract with Jing He Science Co., Ltd. (Jing He). The construction costs incurred or amounts purchased in excess of the contract price may not be recoverable due to Jing He's unilateral construction suspension. Nova Tech has recognized the unrecoverable portion as construction loss amounted to \$40,196 in compliance with international accounting standard, according to evidence and information they have gathered so far. Such loss is measured by the difference between shares Nova Tech deserved based on appraisal report issued by the court and construction costs incurred. Nova Tech has appointed an attorney to file a lawsuit against Jing He. Nova Tech cannot predict the court's decision and evaluate the damage because the court proceedings had not begun as of the issuance date of the financial statements.

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

11. **Subsequent events: None.**

12. **Other**

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

<u>By item</u>	<u>2015</u>			<u>2014</u>		
	<u>Operating costs</u>	<u>Operating expense</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefit						
Salary	\$ 545,141	295,060	840,201	435,651	233,169	668,820
Labor, health and social insurance	55,174	30,159	85,333	48,718	27,348	76,066
Pension	17,108	6,490	23,598	14,752	6,721	21,473
Other	15,691	18,224	33,915	15,188	16,891	32,079
Depreciation	3,232	21,069	24,301	3,219	20,933	24,152
Amortization	1	8,242	8,243	1	8,462	8,463

Note: Depreciation for investment property for the year ended December 31, 2015 and 2014 was \$331 and \$337, respectively, and was recorded in non-operating expense.

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13. Segment information

(1) General information

There are three reportable segments of the Group: Taiwan, Mainland China, and other Asian countries. The Taiwan segment provides engineering, maintenance, sales and other services in Taiwan area. The Mainland China segment provides engineering services and sales in Mainland China. The other Asian segment provides engineering services in Vietnam, Singapore, Malaysia and other Asian countries.

The reportable segments are strategic business units and render products and services in different areas. Since each strategic business unit is located in a different environment, they require different administration strategies and are managed separately. Most of the business units were founded by the Company, and the management teams have been cultivated by the Company as well.

(2) Information on reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

The Group uses the segmented net income from the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The Group has allocated income tax expense (benefit) or extraordinary gain or losses to reportable segments. In addition, profit or loss from all reportable segments includes significant non-cash items excluding depreciation and amortization. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to the ones described in Note 4 “significant accounting policies”. The Group’s income from operating segment is measured by net income, and is referred to as the basis of performance evaluation.

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

2015	Taiwan	Mainland China	Other Asian	Adjustment s and eliminations	Total
Revenue:					
Revenue from external customers	\$ 5,785,432	2,306,508	466,828	-	8,558,768
Intersegment revenues	93,460	104,118	8,613	(206,191)	-
Interest revenue	4,249	7,161	2,441	(2,621)	11,230
Total revenue	<u>\$ 5,883,141</u>	<u>2,417,787</u>	<u>477,882</u>	<u>(208,812)</u>	<u>8,569,998</u>
Interest expense	(651)	(1,780)	(2,244)	2,621	(2,054)
Depreciation and amortization	(10,099)	(20,060)	(2,716)	-	(32,875)
Share of gain (loss) of associates accounted for using equity method	303,016	(12,500)	(54,735)	(236,100)	(319)
Reportable segment profit or loss	315,571	(3,118)	110,577	-	423,030
Asset:					
Investment accounted for using equity method	2,338,787	34,171	1,199,007	(3,570,827)	1,138
Capital expenditures of noncurrent assets	3,864	9,267	2,188	623	15,942
Reportable segment asset	6,546,157	3,719,410	1,643,494	(3,722,854)	8,186,207
Reportable segment liability	2,656,255	2,401,081	316,658	(251,604)	5,122,390

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2014	Taiwan	Mainland China	Other Asian	Adjustment s 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

(3) Information about the products and services

Revenue from external customers was as follows:

	2015	2014
Electronic and mechanical construction services	\$ 1,223,337	1,410,044
Clean room construction	3,513,468	3,191,089
Gas and chemical supply system engineering	1,378,552	1,043,574
Others	2,443,411	1,936,845
	\$ 8,558,768	7,581,552

(4) 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.

Area	2015	2014
Revenue from external customers:		
Taiwan	\$ 5,785,432	4,605,132
Mainland China	2,306,508	2,619,819
Other countries	466,828	356,601
	\$ 8,558,768	7,581,552

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<u>Area</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Non-current assets:		
Taiwan	\$ 324,304	\$ 289,158
Mainland China	146,039	162,089
Other countries	5,074	5,916
	<u>\$ 475,417</u>	<u>\$ 457,163</u>

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

(5) Information on significant customers

As of December 31, 2015 and 2014, none of the sales to the Group's external single customer exceeds 10% of the total revenue.

Acter Co., Ltd.

Chairman: Chin-Li Liang

Printed on April 6, 2016