



Acter Co. Ltd.

2014 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://newmops.twse.com.tw>

2014 annual report is available at : <http://www.acter.com.tw>

Printed on March 31, 2015

Spokesperson

Name : Tsao, Yun-Han

Title: Manager

Tel: 886-4-2261-5288 ex.212

E-mail:angie@acter.com.tw

Deputy Spokesperson

Name : Huang, Tzu-Yen

Title: Section Manager

Tel: 886-4-2261-5288 ex.126

E-mail:vivian@acter.com.tw

Headquarters, Branches and Plant

Headquarters

Address:33F, No.787, Jhongming S. Rd., Taichung, Taiwan (R.O.C.)

Tel: 886-4-2261-5288

Stock Transfer Agent

Firm : KGI Securities Registry and Transfer Department

Address: 5F., No.2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

Tel: 886-2-2389-2999

Website: <http://www.kgieworld.com.tw>

Auditors

CPA Firm : KPMG

Auditors : Wu, Whe-Land and Chang, Tzu-Hsin

Address : 68F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)

Tel: 886-2-8101-6666

Website: <http://www.kpmg.com.tw>

Overseas Securities Exchange : None.

Corporate Website : <http://www.acter.com.tw>

Contents

I.	Letter to Shareholders	1
1.	Preface.....	1
2.	2014 Business Report.....	1
II.	Company Profile	8
1.	Date of Incorporation	8
2.	Company History	8
III.	Corporate Governance Report	10
1.	Organization.....	10
2.	Directors, Supervisors and Management Team	14
3.	Implementation of Corporate Governance.....	38
4.	Information on CPA professional fees	66
5.	Information on replacement of certified public accountant within the last 2 fiscal years or any subsequent interim period	68
6.	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	70
7.	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.....	70
8.	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	72
9.	Status of the Continuing Education of Directors and Supervisors.....	73
10.	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	81
IV.	Capital Overview	82
1.	Capital and Shares.....	82
2.	Composition of Shareholders.....	84
3.	Shareholding Distribution Status	84
4.	List of Major Shareholders	85

5.	Market Price, Net Worth, Earnings, and Dividends per Share	85
6.	Dividend Policy and Implementation Status.....	86
7.	Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting	87
8.	Employee Bonus and Directors' and Supervisors' Remuneration.....	87
9.	Buyback of Treasury Stock.....	89
10.	Issuance of Corporate Bonds	89
11.	Issuance of Preferred Stock.....	89
12.	Issuance of Global Depository Receipts	89
13.	Employee Stock Options.....	89
14.	New Restricted Employee Stocks	89
15.	Status of New Shares Issuance in Connection with Mergers and Acquisitions.....	93
16.	Financing Plans and Implementation	93
V.	Operational Highlights	94
1.	Business Activities	94
2.	Market and Sales Overview	100
3.	Human Resources	113
4.	Disbursements for Environmental Protection	113
5.	Labor Relations	113
6.	Important Contracts.....	116
VI.	Financial Information.....	120
1.	Five-Year Financial Summary	120
2.	Auditors' Opinions from 2010 to 2014.....	127
3.	Five-Year Financial Analysis.....	128
4.	Supervisors' Report in the Most Recent Year	142
5.	Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013, and Independent Auditors' Report.....	143
6.	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.....	143
VII.	Review and Analysis of Financial Conditions, Financial Performance, and Risk Management	144

1. Financial Position.....	144
2. Financial Performance	144
3. Cash Flow	145
4. Major Capital Expenditure Items	146
5. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year	146
6. Analysis of Risk Management	148
7. Other Important Matter	156
VIII.Special Disclosure.....	157
1. Summary of Affiliated Companies	157
2. Private Placement Securities in the Most Recent Years.....	165
3. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years	165
4. other matters that require additional description.....	165
IX. Any situations listed in Article 36, paragraph 2, 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.....	165

I. Letter to Shareholders

1. Preface

Dear Shareholders,

Welcome to the 2015 Annual Shareholders' Meeting of Acter Co., Ltd. We will present the 2014 business results and business plan for 2015 to you. Hope to have your continuing support throughout the coming year.

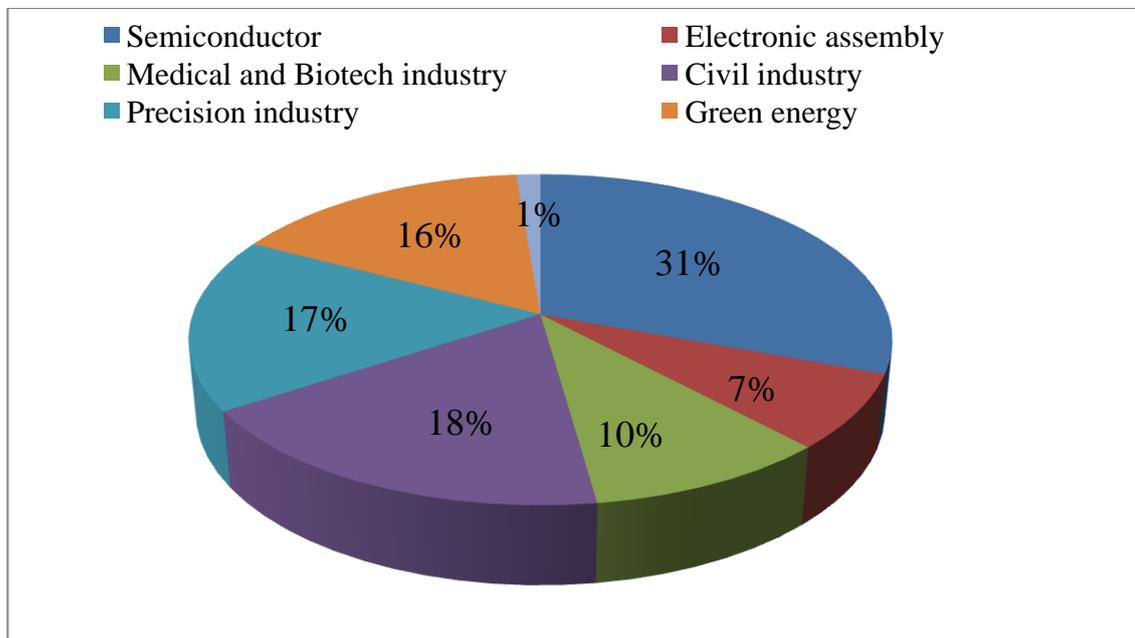
2. 2014 Business Report

2.1 2014 Business results

2.1.1 Business plan implementation results

The consolidated revenue of the ACTER Group in 2014 was NTD 7,581 million, a decline of around 12% from the previous year, mainly because of the fact that the economic growth in China and Southeast Asia slowed down, which made it impossible for the high-tech industry to expand capital expenditures. In terms of profitability, the fierce competition in the Chinese market resulted in reduced gross profit margins. Profits for overseas subsidiaries fell short of expectations. In addition, Taiwanese customers faced financial difficulties. As such, huge losses were accounted for in the third quarter. Net profits after consolidated tax revenue throughout the year came to NTD 94 million, with earnings per share of NTD 2.06, a decline of approximately 80%.

Ratios of engineering turnover by the type



Unit : In thousands of New Taiwan Dollars

Items	2014	%
Operating revenue	7,581,552	100
Operating cost	6,959,257	92
Gross profit	622,295	8
Operating expenses	568,414	7
Operating income	53,881	1
Non-Operating income and expenses	31,422	0
Income before income taxes	85,303	1

2.1.2 State of budget implementation

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

2.1.3 Financial structure and profitability

Items		2014	
Financial structure	Ratio of liabilities to assets (%)	61.24	
	Ratio of long-term capital to fixed assets (%)	839.98	
Solvency	Current ratio (%)	155.35	
	Quick ratio (%)	87.59	
Profitability	Return on total assets (%)	1.40	
	Return on stockholders' equity (%)	3.40	
	Ratio to issued capital (%)	Operating income	11.67
		Pre-tax income	18.48
	Profit ratio (%)	1.25	
	Earnings per share (\$)	2.06	

2.1.4 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:

I. Modular Design and Planning of Large Desalinators

Taiwan is now the 18th area most deprived of water resources in the world. The relatively little rainfall on the island of Taiwan in 2014 made the insufficient agricultural

and industrial water supply even worse. 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.

II. 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.

III. 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.

IV. Continued Developments in Respective Engineering Aspects

- Electrical and mechanical engineering: Storing ice in order to offload peak loads is an example of 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.

- Special engineering: The exclusive integrated negative-pressure SARS technology for hospitals is an example of 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.
- Bio-tech engineering: Clean room integration technologies for cGMP plants are examples of how ACTER helps the pharmaceutical industry further enhance air cleanness in operating rooms in order to comply with PIC/S GMP requirements. 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.
- Clean room engineering: Clean room turnkey engineering is an example of how 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.
- Ultra-high building engineering: The 42-story general-use buildings, for example, take 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.

2.2 Summary of business plan for 2015

2.2.1 Business strategy

The company has been adhering to its corporate belief of "creating quality spaces" since its inception and operating on the business principles of "being honest, professional, international, and sustainable" with a primary focus on quality, technology, and service. Besides continuing to grow existing relationships with customers, internationalization and diversification are equally emphasized for the ultimate goal of becoming a leading brand while providing all-around engineering services. Operation directives for this year are described as follows:

- I. To strengthen corporate governance and customer financial risk control

- II. To consolidate the main business and continue to integrate diversified types of work while researching and developing new techniques and enhancing quality to ultimately become a leading brand in clean room engineering
- III. To continue expanding professional services in biological, pharmaceutical, and medical industries, strengthening customer relationships, proactively serving customers, and maximizing market share for the industry
- IV. To integrate mainland China resources, keep track of management risks, and bring down the overhead
- V. To expand the scope of operation in Southeast Asia: an additional subsidiary in Yangon, Myanmar is established
- VI. To develop process engineering professionalism required for gas and chemical supply systems and develop engineering integration technology of the new generation

2.2.2 Expected sales volume and basis for estimates

The company is proactively developing new markets and customers domestically and internationally and providing multiple industries with cross-disciplinary integrated engineering services to satisfy customers' demand and strengthen recognition and support among existing customers.

2.3 Future development strategies and major production and sales policies

The company will continue with its top three core technical advantages featuring focus, speed, and flexibility, adopt innovative engineering technologies, and integrate equipment and material suppliers to serve customers in respective precision industries and expand horizons for the engineering service industry. In addition, by horizontal integration and professional advancement within the industrial chain, the company will gradually expand its service items. Besides environmental engineering that requires water, electricity, air-conditioning, mechanics, electricity, and clean rooms, it will continue to expand recycling system engineering, gas and chemical supply system engineering and strengthen its relationship with customers by means of diversified management and development strategies.

The multi-area, multi-industry, and diversified deployment strategy adopted by the Group will continue to bring about results this year. Business on major markets such as Taiwan, China, and Southeast Asia will continue to grow steadily. There are new electrical and mechanical projects ongoing in Southeast Asian countries such as Indonesia, Cambodia, and Myanmar. In terms of industrial coverage, besides high-tech, residential buildings, healthcare facilities, and gases and chemicals, the company is collaborating with foreign companies as well to proactively develop customers in the bio-pharmaceutical field. To diversify operations, we have established new subsidiaries to take charge of importation and trading of equipment and Class A engineering and construction projects. As far as sales are concerned, we will focus on prospective customers

and build domestic and international strategic partnerships to bring about momentum.

From now on, we will continue to integrate internal resources to exercise synergistic effects and proactively expand the scope of operation, strengthen sales capability, and boost customer satisfaction for the ultimate goal of creating even higher value for the company.

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

The competition among businesses in the engineering industry is becoming fiercer day by day both domestically and internationally. In China there is the issue of decreased net profit margins while in Southeast Asia, businesses are faced with downstream collaborators that not professional enough but offer expensive quotations. Nevertheless, ACTER will try its best to retain existing customers while continuing to develop new ones, new markets, and new industrial engineering projects based on its core technical advantages and diversify risk in accordance with its strategy in order to ensure steady business and profit growth for the company.

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.

Both China and Taiwan are deeply pegged to the international economy. International economic recovery and risks also concern the business performance of our company. ACTER will be brave while bearing the brunt and take the challenge while at the same time increasing its competitiveness in order to provide customers with better services.

2.5 Corporate Social Responsibility

While pursuing corporate developments, ACTER does not forget its responsibilities as a corporate citizen. Over the long term, the company has collaborated with multiple universities of science and technology to explore the possibilities of technical alliance, education-industry collaboration, and summer internships. Education-industry collaboration enables young students to accumulate practical experience via learning by doing. Summer internships combine theory and practice in one to enable young people to make the best of their professionalism. In addition, the company offers emergency financial scholarships that help students continue with their studies without having to worry about their economic conditions.

Social responsibility at the industrial level, concerns about sustainable development in the supply chain and society are being promoted by focusing on the main business, integrating mechanical and electrical equipment, performing environmental planning and control, utilizing energy effectively, energy-saving, renewability, waste reduction and reutilization. The company returns to society by promoting care for the environment. Only when businesses

fulfill their commitment as a global citizen is sustainable development possible. ACTER will continue to carefully fulfill its corporate social responsibility while at the same time initiating the due care from the supply chain about corporate social responsibility to jointly create a better future.

Finally, thanks for your continuing support throughout the year. All employees of Acter will continue to work hard with the aim of achieving higher returns for our shareholders.

Sincerely yours,

Chairman: Liang, Chin-Li

General Manager: Hsu, Chung-Cheng

Accounting Supervisor : Tsao, Yun-Han

II. Company Profile

1. Date of Incorporation: February 19, 1979

2. Company History

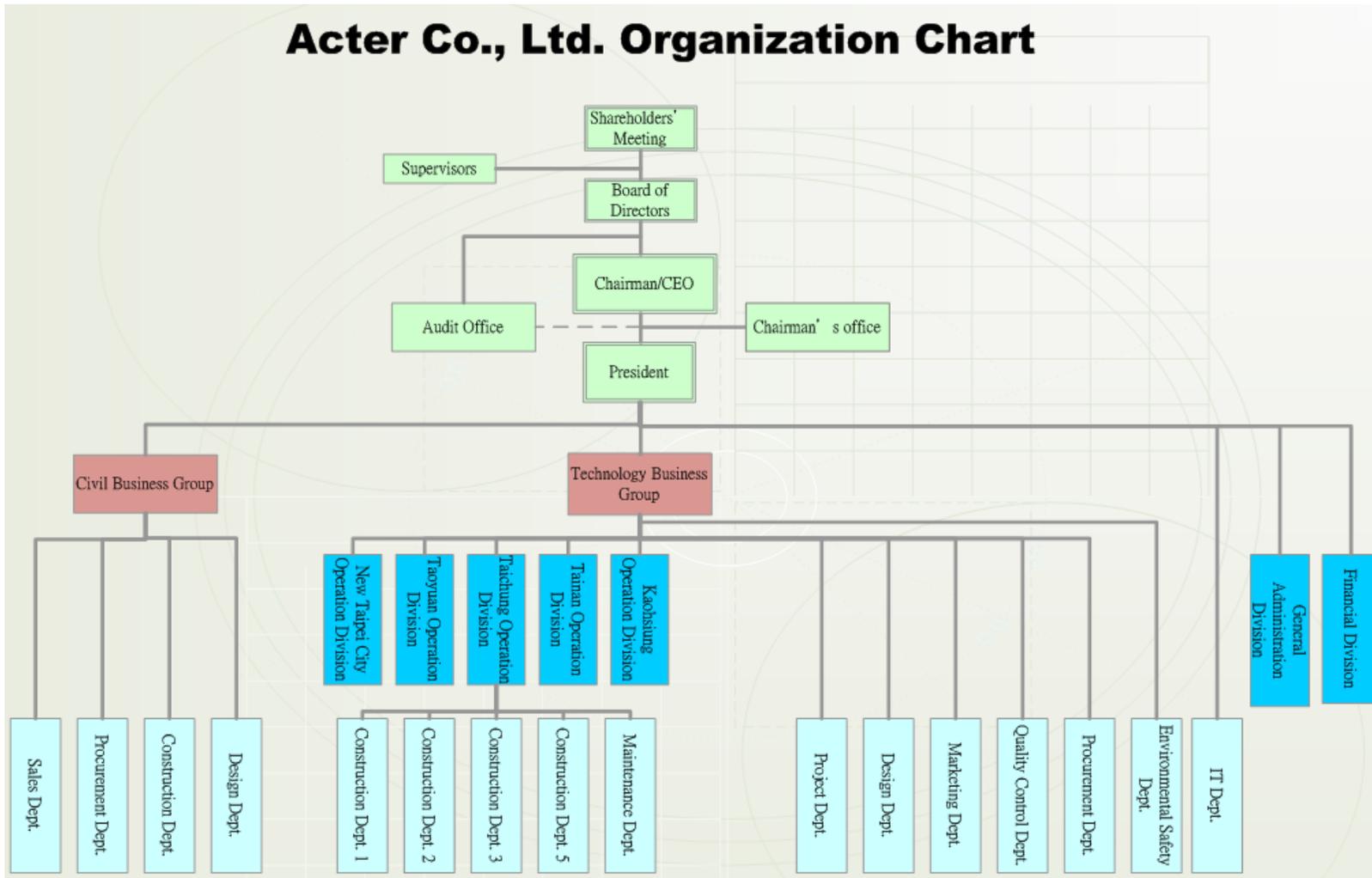
Year	Milestones
1979	Acter Co., Ltd. was established on Taiyuan North Road, Taichung City, Taiwan with a paid-in capital of NT\$ 10 million.
1992	Increased paid-in capital to NT\$20 million.
1993	Increased paid-in capital to NT\$50 million.
1999	Received ISO 9001 certification.
2002	(1)Changed to the 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). (2)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

Year	Milestones
	<p>Chemical Engineering Singapore Pte. Ltd. and indirectly invested SCEC(Shanghai) CORP.</p> <p>(2)Increased paid-in capital to NT\$461,358,190.</p> <p>(3)Sheng Huei (Suzhou) Engineering Co., Ltd. increased capital of US\$3 million.</p>
2012	Nova Technology Malaysia Sdn. Bhd. and Shenzhen Dingmao Trade Co., Ltd. were established.
2013	<p>(1)SCEC (Suzhou) Corp. and Pt.Novamex Indonesia were established.</p> <p>(2)Suzhou Ding-Mao Engineering Co., Ltd. and Acter Trading Co., Ltd were liquidated.</p>
2014	<p>(1)Increased holding of SCEC(Shanghai) CORP. and it becomes the subsidiary of the company since 2014.</p> <p>(2) Enrich Tech Co., Ltd, Winmega Technology CORP. and Acter Engineering Co., Ltd. were established.</p> <p>(3) Invested Global One Source Life Sciences CO. LTD.</p>
2015	(1)Issued 480,000 shares of New Restricted Employee shares and increased paid-in capital to NT\$466,158,190.

III. Corporate Governance Report

1. Organization

1.1 Organization Chart



1.2 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 mergers and establishment of new businesses. 6. Plans, co-ordinates and executes assigned projects.
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	<ol style="list-style-type: none"> 1. Develops engineering methods.

Department	Functions
Design Dept.	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.	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	1. Provides construction services equipment related to the technology industries.
Technology Business Group New Taipei City, Taoyuan, Taichung, Tainan and Kaohsiung Operation Division Project Dept.	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.	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.	1. Responsible for marketing, customer development, and business promotion of local industry construction projects. 2. Creates and maintains customer data. 3. Resolves customer complaints. 4. Develops and distributes construction facilities.
Technology Business Group Maintenance Dept.	1. Maintains and services air-conditioning units. 2. Performs maintenance, inspection and repair services for customers.
Technology Business Group Procurement Dept.	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.	1. Develops engineering methods. 2. Designs, plans, and produces charts on the layout of

Department	Functions
Project Dept.	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. Financial analysis and planning. 5. Funding. 6. Customer credit assessment. 7. Regulatory reporting, announcements and share administration.
General Administration Division	<ol style="list-style-type: none"> 1. Budget control. 2. Subsidiary management. 3. Human resources management. 4. Employee training management and planning. 5. Document management. 6. Administrative work for construction projects. 7. General affairs.

2. Directors, Supervisors and Management Team

2.1 Directors and Supervisors

March 31, 2015

Title	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	Liang, Chin-Li	June 18, 2012	3	Dec. 30, 2005	1,670,688	3.62	1,670,688	3.58	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. • Director, 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. • Chairman, Sheng Huei International Co., Ltd. • Chairman, Acter 	None	None	None

Title	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"> • International Limited • Chairman, 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	Yang, Jung-Tang	June 18, 2012	3	Feb. 19, 1979	756,900	1.64	884,660	1.90	0	0.00	0	0.00	<ul style="list-style-type: none"> • EMBA, Tunghai University • Department of Electrical Engineering - Refrigerating and 	<ul style="list-style-type: none"> • Supervisor, Nova Technology Corp. • Chairman, Xiang-Hui Development Co., Ltd. 	None	None	None

Title	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
													Air-conditioning, Taipei Tech	<ul style="list-style-type: none"> • 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. 			
Director	Kao, Hsin-Ming	June 18, 2012	3	June 16, 2009	1,240,662	2.69	1,240,662	2.66	0	0.00	0	0.00	<ul style="list-style-type: none"> • EMBA-International Business Management, National Taiwan University • Section Manager, Electronics Research & Service Organization 	<ul style="list-style-type: none"> • CEO and Chairman, Marketech International Corp. • Chairman, Macrotec Technology Corp. • Chairman, Chi 	None	None	None

Title	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
													(ERSO)	<ul style="list-style-type: none"> • Hsuan Investments Corp. • Chairman, Sopower Technology Corp. • Chairman, Hua Hsuan Technology Corp. • Director, WT Microelectronics Co., Ltd. • Supervisor, Probeleader Co., Ltd. • Section Manager, Electronics Research & Service Organization (ERSO) 			
Director	Hu, Tai-Tsen	June 18, 2012	3	June 16, 2009	293,401	0.64	1,101,401	2.36	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 	<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 	None	None	None

Title	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"> • 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 	Director, Lishan Hotel Corporation			
Director	Hsu, Chung-Cheng	June 18, 2012	3	June 16, 2009	247,286	0.54	247,286	0.53	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, 	<ul style="list-style-type: none"> • President, Acter Co., Ltd. • Chairman, Winmax Technology Corp. • Chairman, SCEC (Suzhou) Corp. • Director and President, Nova Technology Corp. • Director, Her Suo 	None	None	None

Title	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
													President Office, Kuangchu Technology Co.	<ul style="list-style-type: none"> • Eng., Co., Ltd. • 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. 			

Title	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	Chao, Rong-Shiang	June 18, 2012	3	Nov. 4, 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 Director of President Office and Spokesperson, Formosa Plastics Corporation 	Vice President and Spokesperson, Formosa Sumco Technology Corp.	None	None	None
Independent Director	Wang, Pai-Lu	June 18, 2012	3	Nov. 4, 2009	0	0.00	0	0.00	0	0.00	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, 	<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

Title	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"> Development and Evaluation Commission, Executive Yuan Member of Consulting Committee, Overseas Community Affairs Council, Republic of China (Taiwan)-Huayu World Consultant, Taiwan Chinese Alliance 				
Supervisor	Wu, Pi-Huei	June 18, 2012	3	Dec. 1, 2001	334,579	0.73	366,579	0.79	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 Administration, National Chung Hsing University President, Suzuka Composite Materials (Shanghai) Limited 	<ul style="list-style-type: none"> Chairman, Denlie International Co., Ltd. Chairman, Gold Pinnacle Investments Ltd. Senior Advisor, Suzuka Composite Materials (Shanghai) Limited Senior Advisor, Parex Group China 	None	None	None

Title	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 Supervisor	Yeh, Hui-Hsin	June 18, 2012	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
Supervisor (Note)	Winsite Co., Ltd.	June 18, 2014	3	June 18, 2014	580,491	1.26	300,491	0.64	0	0.00	0	0.00	<ul style="list-style-type: none"> Accounting Director of Shinelly Trading Co., Ltd. Accountant at the Allied Association for Pollution Prevention and Control Devices Industries of Taiwan 	<ul style="list-style-type: none"> Manager of Financial Division, Winsite Co., Ltd. 	None	None	None
	Legal Representative : Shih, Tung				0	0.00	250,000	0.54	0	0.00	0	0.00					

Note : Supervisor Winsite Co., Ltd. Legal Representative : Shih, Tung was newly elected on June 18, 2014.

2.2 Major shareholders of the institutional shareholders :

March 31, 2015

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

2.3 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(Note)										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, 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
Hsu, Chung-Cheng	None	None	✓	None	None	✓	✓	✓	✓	✓	✓	✓	✓	None
Chao, Rong-Shiang	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)										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, Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Wang, Pai-Lu	✓	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Wu, Pi-Huei	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Yeh, Hui-Hsin	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Winsite Co., Ltd. Legal Representative : Shih, Tung	None	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None

Note1: Please tick the corresponding boxes if directors or supervisors have been any of the following 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. The same does not apply, however, 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 fifth degree of kinship, of any of the persons in the preceding three subparagraphs.

5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or 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 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.

2.4 Management Team

March 31, 2015

Title	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	Liang, Chin-Li	June 18, 2012	1,670,688	3.58	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. • Director, 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. • Chairman, Sheng Huei International Co., Ltd. • Chairman, Acter International Limited 	None	None	None

Title	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
										<ul style="list-style-type: none"> • Chairman, 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. 			
President	Hsu, Chung-Cheng	Feb. 1, 2010	247,286	0.53	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 	<ul style="list-style-type: none"> • Director, Acter Co., Ltd. • Chairman, Winmax Technology Corp. • Chairman, SCEC (Suzhou) Corp. • Director and President, Nova Technology Corp. • Director, Her Suo Eng., Co., Ltd. • Director, Sheng 	None	None	None

Title	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
									Technology Co.	Huei (Shenzhen) Engineering Co., Ltd. <ul style="list-style-type: none"> • 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. 			
Senior Vice President	Chang, Ching-Chuan	Jan. 17, 2008	101,000	0.22	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 	<ul style="list-style-type: none"> • Supervisor, Enrich Tech Co., Ltd. • Supervisor, Zhangjiagang Free Trade Zone Fuyu International Trade Co., Ltd. 	None	None	None

Title	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
									<ul style="list-style-type: none"> • 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. 				
Assistant Vice President	Li, Po-Sheng	Feb. 1, 2007	785,163	1.68	68,897	0.15	0	0.00	<ul style="list-style-type: none"> • 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	Lai, Ming-Kun	Feb. 1, 2007	53,806	0.12	43,859	0.09	0	0.00	<ul style="list-style-type: none"> • EMBA, National Taiwan University of Science and 	None	None	None	

Title	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
									<ul style="list-style-type: none"> Technology Department of Electrical Engineering - Refrigerating and Air-conditioning, Taipei Tech Vice President, Hao-Han Chung-Hsiao Engineering Co., Ltd. 				
Assistant Vice President	Wang, Chun-Sheng	Jan. 17, 2008	1,541	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> Department of Electrical Engineering, Taipei Tech Engineer, San-Chun Engineering Limited 	None	None	None	
Assistant Vice President	Fan, Kuo-Ping	Jan. 7, 2011	37,856	0.08	1,332	0.01	0	0.00	<ul style="list-style-type: none"> 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	Cheng, Chieh-Chung	Nov. 1, 2013	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> Master Engineering of 	None	None	None	

Title	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
									<ul style="list-style-type: none"> Chemical, Stevens Institute of Technology • Manager, TSMC Solar Ltd. 				
Assistant Vice President	Chang, Ri-Dong (Note1)	Nov. 20, 2014	29,473	0.06	25,451	0.05	0	0.00	<ul style="list-style-type: none"> 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	Tsao, Yun-Han	Aug. 1, 2009	60,716	0.13	11,372	0.02	0	0.00	<ul style="list-style-type: none"> Master Degree in Accounting and Information Technology, National Chung Cheng University • Audit Officer, Forhouse Corporation 	None	None	None	

Note 1 : Assistant Vice President Chang, Ri-Dong was newly appointed on Nov. 20, 2014.

Note 2 : The company didn't issue employee stock options.

2.5 Remuneration of Directors, Supervisors, President, and Vice President

2.5.1 Remuneration of Directors

Unit: NT\$ thousand

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)		The company (Note 1)	The company (Note 1)	(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)																	
Chairman	Liang, Chin-Li	0	0	0	0	455	455	72	72	0.56	0.56	4,673	5,033	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5.48	5.86	None
Director	Yang, Jung-Tang	0	0	0	0	228	228	72	72	0.32	0.32	505	505	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.85	0.85	None	
Director	Kao, Hsin-Ming	0	0	0	0	228	228	60	60	0.32	0.32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.30	0.30	None		
Director	Hu, Tai-Tsen	0	0	0	0	228	228	72	72	0.32	0.32	550	550	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.90	0.90	None		
Director	Hsu, Chung-Cheng	0	0	0	0	228	228	72	72	0.32	0.32	2,387	8,997	0	0	0	0	157	0	0	0	0	0	0	0	0	0	0	2.83	9.97	None			
Independent Director	Chao, Rong-Shiang	600	600	0	0	0	0	60	60	0.70	0.70	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.70	0.70	None			

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)	Cash	Stock	Cash	Stock	The company	(Note 1)	The company	(Note 1)		The company	(Note 1)								
Independent Director	Wang, Pai-Lu	780	780	0	0	0	0	84	84	0.91	0.91	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.91	0.91	None

Note 1 : Refers to all companies in the consolidated financial statements

Note 2 : (A)Base Compensation (B)Severance Pay (C)Bonus to Directors (D)Allowances (E)Salary, Bonuses, and Allowances (F)Severance Pay (G)Profit Sharing- Employee Bonus (H)Exercisable Employee Stock Options (I)New Restricted Employee Stock.

Note3 : Board of directors resolved on Feb. 26, 2015 that the appropriated directors' and supervisors' remuneration were NT\$ 1,707,313. The proposal is scheduled to be discussed and decided at the Company's annual shareholders' meeting.

2.5.2 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)		Bonus 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	0	0	228	228	72	72	0.32	0.32	None
Independent Supervisor	Yeh, Hui-Hsin	600	600	0	0	72	72	0.71	0.71	None
Supervisor	Winsite Co., Ltd. Legal Representative : Shih, Tung (Note1)	0	0	114	114	48	48	0.17	0.17	None

Note 1 : Supervisor Winsite Co., Ltd. Legal Representative : Shih, Tung was newly elected on June 18, 2014.

Note 2 : Board of directors resolved on Feb. 26, 2015 that the appropriated directors' and supervisors' remuneration were NT\$ 1,707,313. The proposal is scheduled to be discussed and decided at the Company's annual shareholders' meeting.

2.5.3 Compensation of President and Vice President

Unit: NT\$ thousand

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (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		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements			
								Cash	Stock	Cash	Stock							
CEO	Liang, Chin-Li	7,525	12,772	0	0	3,365	5,087	300	0	457	0	11.80	19.31	0	0	0	0	None
President	Hsu, Chung-Cheng																	
Senior Vice President	Chang, Ching-Chuan																	

Bracket	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	Liang, Chin-Li, Hsu, Chung-Cheng, Chang, Ching-Chuan	Chang, Ching-Chuan
NT\$5,000,000 ~ NT\$10,000,000	None	Liang, Chin-Li, Hsu, Chung-Cheng
NT\$10,000,000 ~ NT\$15,000,000	None	None

Bracket	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
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	3	3

2.5.4 Employee Bonus Granted to Management Team

Unit: NT\$ thousand

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	CEO	Liang, Chin-Li	0	761	761	0.80
	President	Hsu, Chung-Cheng				
	Senior Vice President	Chang, Ching-Chuan				
	Assistant Vice President	Li, Po-Sheng				
	Assistant Vice President	Lai, Ming-Kun				
	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				

2.6 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

2.6.1 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	2013				2014			
	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	30,517	37,048	6.54	7.94	16,618	23,745	17.52	25.04
Supervisors								
CEO								
Presidents								
Senior Vice Presidents								

2.6.2 The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance.

2.6.2.1 Directors, Supervisors

Remuneration for Directors and Supervisors includes compensation, remuneration from distributed earnings, and business implementation expense. Remuneration from distributed earnings is stipulated in the Articles of Incorporation.

2.6.2.2 Presidents and Vice Presidents

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

3. Implementation of Corporate Governance

3.1 Board of Directors

A total of 6(A) meetings of the board of directors were held in the previous period. Director and supervisor attendance was as follows.

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B/A】	Remarks
Chairman	Liang, Chin-Li	6	0	100%	Re-elected on Jun. 18, 2012
Director	Hsu, Chung-Cheng	6	0	100%	Re-elected on Jun. 18, 2012
Director	Hu, Tai-Tsen	6	0	100%	Re-elected on Jun. 18, 2012
Director	Kao, Hsin-Ming	5	0	83.33%	Re-elected on Jun. 18, 2012
Director	Yang, Jung-Tang	6	0	100%	Newly elected on Jun. 18, 2012
Independent Director	Chao, Rong-Shiang	5	1	83.33%	Re-elected on Jun. 18, 2012
Independent Director	Wang, Pai-Lu	6	0	100%	Re-elected on Jun. 18, 2012
Supervisor	Wu, Pi-Huei	6	0	100%	Re-elected on Jun. 18, 2012
Independent Supervisor	Yeh, Hui-Hsin	6	0	100%	Re-elected on Jun. 18, 2012
Supervisor	Winsite Co., Ltd. Legal Representative : Shih, Tung	4	0	100%	Newly elected on Jun. 18, 2014 A total of 4 meetings of the board of directors were held after elected.

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

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, independent directors and supervisors have the academic background and experience necessary to enable the board's decision and supervisory capacity. "Directors and Supervisors Election Procedures" that stipulate a cumulative voting system for director and supervisor 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, independent directors and supervisors 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, independent director and supervisor is required to exercise their authorities independently. Information such as directors' and supervisors' 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 two 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) Functionality of supervisors

The company has created two supervisor positions and one independent supervisor position according to Article 14-4 of the Securities and Exchange Act (Supervisor Wang, Yun-Chun resigned on June 7, 2013, and a replacement was elected during the 2014 shareholders' meeting). All supervisors are chosen from persons with sufficient financial knowledge or business experience. "Supervisor Authorities and Responsibilities" that outline the level of independence expected from supervisors and the role they play in the company's operations, such as expressing opinions in board meetings. Supervisors ensure that the company's plans are soundly executed and financial statements are properly prepared.

The company has also created a mailbox exclusively for communication with supervisors on its website, which enables investors, stakeholders and employees to communicate with supervisors 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/supervisor 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.

3.2 Audit Committee (Attendance of Supervisors for Board Meeting)

Not applicable.

3.3 Attendance of Supervisors for Board Meetings

A total of 6 (A) meetings of the board of directors were held in the previous period. Supervisor attendance was as follows:

Title	Name	Attendance in Person(B)	Attendance rate (%) 【B/A】	Remarks
Supervisor	Wu, Pi-Huei	6	100%	Re-elected on Jun. 18, 2012
Independent Supervisor	Yeh, Hui-Hsin	6	100%	Re-elected on Jun. 18, 2012
Supervisor	Winsite Co., Ltd. Legal Representative : Shih, Tung	4	100%	Newly elected on Jun. 18, 2014 A total of 4 meetings of the board of directors were held after elected.

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.):

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

(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.):

- i. 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.
- ii. The financial statement auditor discusses matters relating to the audited financial statements before the board meeting. During these discussions, directors and supervisors are given sufficient opportunities to communicate with the financial statement auditor.

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.

3.4 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Item	Implementation Status	Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
<p>1.Shareholding Structure & Shareholders’ Rights</p> <p>(1) Method of handling shareholder suggestions or complaints</p> <p>(2) The Company’s possession of a list of major shareholders and a list of ultimate owners of these major shareholders</p> <p>(3) Risk management mechanism and “firewall” between the Company and its affiliates</p>	<p>(1) The company has appointed a spokesperson and a deputy spokesperson to handle shareholders' suggestions and disputes.</p> <p>(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, supervisors and major shareholders. Changes in shareholding positions among directors, supervisors, managers and shareholders with more than a 10% holding are reported regularly to the competent authority.</p> <p>(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."</p>	<p>None</p>

Item	Implementation Status	Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
2.Composition and Responsibilities of the Board of Directors (1) Independent Directors (2) Regular evaluation of CPAs’ independence	(1) The company has two independent directors. (2) The Company's Board of Directors stipulates items to be evaluated against regarding the independence of CPAs in accordance with Communiqué 10 on the Republic of China Regulations Governing Occupational Ethics of Certified Public Accountants - Integrity, Fairness, Objectivity, and Independence on a yearly basis and evaluates CPAs' independence accordingly.	None
3.Communication channel with stakeholders	(1) Communications with stakeholders are carried out through different departments such as business, general administration, finance, and procurement etc. depending on the nature of the stakeholder. (2) The company has a spokesperson, a deputy spokesperson and a contact mailbox in place to facilitate communication with stakeholders. (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 have also been made available on the company's website (under the HR section), through which employees may reflect their opinions and offer suggestions. (4) The company has a contact mailbox and a supervisor's mailbox to serve as a means of communication with stakeholders.	None
4.Information Disclosure (1) Establishment of a corporate website to disclose information regarding the Company’s financials, business and corporate governance status	(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.	None

Item	Implementation Status	Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
(2) Other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, webcasting investors conference)	(2) The company has appointed dedicated personnel to gather and disclose information in a timely and appropriate manner. i. The company has implemented a spokesperson and a deputy spokesperson system, and disclosed their names and contact methods on the company's website. ii. Information on investor seminars is disclosed on the company's website as it becomes available. iii. The Company has already set up its English website to keep foreign investors informed of its financial and business standings.	
5. Operations of the Company’s Nomination Committee, Remuneration Committee, or other committees of the Board of Directors	The company has a "Remuneration Committee" in place that comprises of one independent director and two outside experts. Proposals regarding directors', supervisors' and managers' remuneration are first reviewed by the Remuneration Committee before discussion by the board of directors.	None
6. If the Company has established corporate governance principles based on “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: The company has established "Corporate Governance Practical Rules" based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies." These practices are being implemented in compliance with laws with information properly disclosed in the best interests of investors, stakeholders and employees.		
7. Other important information to facilitate better understanding of the Company’s corporate governance practices (e.g., 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): Below is a summary of steps taken by the management to ensure sound corporate governance: 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.		

Item	Implementation Status	Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	<p>②Investor 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>③Status 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 GTSM Listed Companies." For details regarding these courses, please refer to page 73 ~ page 80 of the annual report, titled "9. Status of the Continuing Education of Directors and Supervisors.”</p> <p>④Risk 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.</p> <p>⑤Customer 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.</p> <p>⑥Insurance against directors' and supervisors' liabilities: the company has taken out liabilities insurance for its directors and supervisors.</p>	
	<p>8.If the Company has implemented a self corporate governance evaluation or has authorized any other professional organization to conduct such an evaluation, the evaluation results, major deficiencies or suggestions, and improvements are stated as follows: In 2015 and 2014, the company was rated "A++" by the Securities and Futures Institute during its 12th and 11th Information Disclosure Evaluation for TWSE/GTSM Listed Companies.</p> <p>Note 1: 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 GTSM Listed Companies" published by the Taiwan Stock Exchange.</p> <p>Note 2: Securities firms, securities investment trust/consulting enterprises, and futures commission merchants should describe their execution of risk management policies, risk assessment standards, consumers' protection and client policies.</p> <p>Note 3: The corporate governance self-evaluation report mentioned here refers to the corporate governance evaluation conducted and explained by the company itself, and is a report on how the company enforces corporate governance.</p>	

3.5 Composition, Responsibilities and Operations of Remuneration Committee

3.5.1 Information on 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 a 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	Wang, Pai-Lu	✓	None	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None
Other	Yang, Qian	✓	None	None	✓	✓	✓	✓	✓	✓	✓	✓	None	None
Other	Wang, Wen-Chieh	✓	None	None	✓	✓	✓	✓	✓	✓	✓	✓	None	None

Note 1: Enter Director, Independent Director or Other in the Position column.

Note 2: Please tick the corresponding boxes if the committee members have been any of the following during the two years prior to being elected or during the term

(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. The same does not apply, however, 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 any other's name, in an aggregate amount of 1 percent or more of the total number of issued shares of the Company or ranking in the top 10 in shareholding.
- (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, managerial officer, or shareholder holding 5 percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
- (6) Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
- (7) Not a professional individual who, or 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) Any of the circumstances in Article 30 of the Company Law.

Note 3: 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.

3.5.2 Information on Operations of Remuneration Committee

3.5.2.1 The Remuneration Committee has three members.

3.5.2.2 The tenure of the 2nd session is from Jul. 25, 2012 to Jun. 17, 2015. A total of 2(A) meetings of the remuneration committee were held in 2014. Member qualification and attendance was as follows.

Title	Name	Attendance in Person(B)	By proxy	Attendance Rate in Person(%) (B/A)	Remark
Chairman	Wang, Pai-Lu	2	0	100%	Re-elected on Jul.25, 2012
Member	Yang, Qian	2	0	100%	Re-elected on Jul.25, 2012
Member	Wang, Wen-Chieh	2	0	100%	Re-elected on Jul.25, 2012

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.If any committee member has an objection or qualified opinion together with a record or written statement regarding a remuneration committee resolution, the remuneration committee date, term, content of motions, all members opinions and how the opinions were handled shall be specified: None.

3.6 Implement of Social Responsibility

Item	Implementation Status	Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
1. Exercising Corporate Governance		
(1)The company declares its corporate social responsibility policy and examines the results of the implementation.	(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 effectiveness of these policies is reviewed regularly by the General Administration Division.	The company operates in compliance with the spirit and regulations of the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies," there are no major discrepancies.
(2)The company establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies.	(2) The General Administration Division is responsible for the company's corporate social responsibility efforts, from policy proposal to execution, and reports to the board of directors on a regular basis. In 2014, it has been reported to the board of directors held in Dec.26, 2014.	
(3)The company organizes regular training on business ethics and promotion of matters prescribed in the preceding Article for directors, supervisors and employees, and should incorporate the foregoing into its employee performance appraisal system to establish a clear and effective reward and discipline system.	(3) The company arranges for directors and supervisors 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. Policies such as "Work Rules," "Employee Appraisal Guidelines," "Employee Reward and Discipline Guidelines," and "Employee Ethical Business Guidelines" have been established in accordance with relevant laws and soundly implemented in line with the company's operational objectives.	
2. Fostering a Sustainable Environment		
(1)The company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment.	(1) The company has passed ISO14001 Environmental Management certification, and continues to devote resources to the technology R&D to provide customers with energy-saving solutions. Through the use of energy-saving and heat recovery	The company operates in compliance with the spirit and regulations of the "Corporate Social Responsibility Best Practice

Item	Implementation Status	Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	equipment, the company expects to reduce environmental pollution, promote recycling and make more efficient use of resources such as power and water.	Principles for TWSE/TPEX-Listed Companies,"
(2)The company establishes proper environmental management systems based on the characteristics of their industries.	(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.	there are no major discrepancies.
(3)The company establishes dedicated units or assigns dedicated personnel for environment management to maintain the environment.	(3) The company has passed both ISO14001 certification for environmental management and OHSAS18001 certification for occupational health and safety. It has created an Environmental Safety Department and appoints dedicated personnel at each work site to supervise workplace and employee safety. Meetings are held on a weekly basis to promote awareness of workplace maintenance and safety, while inspections are conducted daily to identify and rectify areas of weakness.	
(4)The company monitors the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction.	(4) In addition to researching new energy-saving technologies, the company also takes the initiative in raising employees' environmental awareness. 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. 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	

Item	Implementation Status	Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	<p>energy-saving equipment for greater energy efficiency. On March 29, 2014, 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. The Company used 262,837 kilowatt-hours of power throughout 2014, a reduction of 5,026 kilowatt-hours and 12,157 kilowatt-hours from the 267,863 kilowatt-hours in 2013 and 274,994 kilowatt-hours in 2012, respectively, indicating that the Company has been effective in its promotion of reduced power consumption. The carbon dioxide level in the Company's operating environment obtained was 474 ppm to 1,014 ppm for 2014. It was within the standard value of 5,000 ppm.</p>	
<p>3. Preserving Public Welfare (1)The company complies with relevant labor laws and regulations, protects the legal rights and interests of employees, and has in place appropriate management methods and procedures.</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</p>	<p>The company operates in compliance with the spirit and regulations of the "Corporate Social Responsibility Best Practice Principles for TWSE/</p>

Item	Implementation Status	Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and reasons
	abilities and satisfy requirements. For the purpose of eliminating sexual harassment, the company has convened a "Sexual Harassment Complaint Committee" to handle sexual harassment complaints.	TPEX-Listed Companies," there are no major discrepancies.
(2)The company provides safe and healthy work environments for its employees, and organizes training on safety and health for its employees on a regular basis.	(2) 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.	
(3) The Company has established regular communication channels for employees and a reasonable way to notify employees of changes that could have a significant effect on operations.	(3) 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."	
(4)The company establishes and discloses policies on consumer rights and interests and provides a clear and effective procedure for accepting consumer complaints.	(4) 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.	
(5)The company cooperates with its suppliers to jointly foster a stronger sense of corporate social responsibility.	(5) The company has developed a set of "Material Procurement and Management Procedures" based on ISO9001 standards, which clearly define all required specifications of materials purchased	

Item	Implementation Status	Deviations from “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and reasons
	by the company. A plan has been drawn up to extend the company's corporate social responsibilities to the entire supply chain. This plan will be executed in two stages: (1) Incorporating corporate social responsibilities such as environmental protection, energy conservation, employee rights, welfare, health and safety etc. as part of supplier assessments; and (2) Audit of suppliers on each of the criteria mentioned above. Currently, the plan is in the first stage.	
(6)The company, through commercial activities, non-cash property endowments, volunteer service or other free professional services, participates in community development and charities events.	(6) The company organizes charity events from time to time to help the socially disadvantaged and charity organizations. To contribute to society, the company cooperates with tertiary institutions in research projects and offers scholarships to encourage innovation talent.	
4. Enhancing Information Disclosure (1)The measures of disclosing relevant and reliable information relating to their corporate social responsibility.	(1) Information relating to corporate social responsibility is disclosed in the company's annual report.	The company operates in compliance with the spirit and regulations of the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies," there are no major discrepancies.
(2)The company produces corporate social responsibility reports disclosing the status of their implementation of the corporate social responsibility policy.	(2) The company has prepared a corporate social responsibility report.	
<p>5. If the Company has established corporate social responsibility principles based on “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."</p>		

6. Other important information to facilitate better understanding of the Company's corporate social responsibility practices (e.g., systems and measures that the company has adopted with respect to environmental protection, community participation, contribution to society, service to society, social and public interests, consumer rights and interests, human rights, safety and health, other corporate social responsibilities and activities, and the status of implementation.): Please refer to the following table.

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Plannin g 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 or irregular 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 to managers and to the general administration division 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's "Employee Welfare Committee" has been in place for a number of years. Its work includes subsidizing trips, social activities and gatherings that improve employees' work-life balance and boost loyalty to the company. Meanwhile, staffs of the General Administration Division pay close attention to employees' well-being and career plans.
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		
5. Community involvement				

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
(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.
(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 supervisors in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" to make the company's operations more transparent to shareholders.
(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.

Social Responsibility Item	Implementation Status			Detailed Description
	Not Yet Executed	Executed	Planning in Progress	
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. If the products or corporate social responsibility reports have received assurance from external institutions, they should state so below:
The company has prepared a corporate social responsibility report. However, the report has not received assurance from external institutions.

8. Work environment and employee safety protection:
The company has passed both ISO14001 certification for environmental management and OHSAS18001 certification for occupational health and safety. It has created guidelines to identify hazards in the workplace and to inspect employees' safety and protective measures. It has empowered an Environmental Safety Department to ensure the safety of the work environment.

3.7 The Status of the Company's Performance in the Area of Ethical Corporate Management and the Adoption of Related Measures

3.7.1 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.

3.7.2 Measures adopted :

- 3.7.2.1 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.
- 3.7.2.2 All employees of the company are required to comply with policies and refrain from dishonest conduct.
- 3.7.2.3 Employees of the company are required to disassociate themselves whenever there is a conflict between their interests and the interests of the company.
- 3.7.2.4 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.
- 3.7.2.5 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.
- 3.7.2.6 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.

3.7.2.7 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.

3.7.2.8 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”).

3.7.3 Implementation Status of Ethical Corporate Management

Item	Implement status	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
1.Establish ethical corporate management policies and programs (1)Ethical corporate management policies are clearly specified in company rules and external documents and the Board of Directors and the management promise to rigorously enforce such policies.	(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.	None
(2)Program for prevention of unethical conduct established by the Company	(2) The company has published the relevant guidelines on its intranet so employees can inquire at anytime. In addition,	None

Item	Implement status	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
including operational procedures, guidelines and training.	employees are constantly informed of the company's business philosophy during internal trainings and meetings, and are asked to fully comply with these requirements.	
(3)When the company establishes programs for the prevention of unethical conduct, the prevention program shall at least include measures directed at prevention of the offering and acceptance of bribes, illegal political donations for business activities within their business scope which may be at a higher risk of being involved in unethical conduct.	(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 of fairness and transparency as does the company, and do not request, offer or accept bribes.	None
2.Ethical corporate management enforcement (1)It is advisable not to have any dealings with persons who have any records of unethical conduct and include in contracts provisions concerning ethical conduct.	(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.	None
(2)Operation status of dedicated unit formed by the Company in charge of ethical corporate management and Board of Directions oversight status.	(2) The company has a set of corporate ethical guidelines in place and is active in conveying its underlying rationale to the employees. The General Administration Division has been assigned the responsibility to supervise business ethics throughout the company and report to the board of directors on a regular basis. 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	None

Item	Implement status	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	<p>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 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>	
(3)Company promulgates policies for preventing conflict of interest and offer appropriate means to explain operation status.	(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.	None
(4)Operation conditions of the effective accounting system and internal control system established by the Company to practice ethical corporate management and the audit conditions of internal audit personnel.	(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.	None
3.Operation status of disciplinary and complaint system established by the handling violations of ethical corporate management rules.	The company has implemented a set of "Code of Ethics" and "Employee Ethical Business Guidelines," and made available a reporting hotline through which employees and any relevant personnel may report inappropriate business conduct. The company will demand immediate cessation if such conduct has been verified to have violated laws or the company's ethical	None

Item	Implement status	Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	<p>guidelines. In which case, the violator will be subject to disciplinary action and legal claims if necessary in order to protect the company's reputation. The employee being reported for the misconduct may also appeal through this hotline by presenting evidence to the responsible department, which then investigates and reports its findings to the board of directors.</p>	
<p>4.Information Disclosure (1)Status of ethical corporate governance and other related information disclosed on company websites set up by the Company.</p>	<p>(1) The company has clearly disclosed its business philosophy on its website. Ethical guidelines are also made available for employees to inquire.</p>	<p>None</p>
<p>(2)Other information disclosure methods taken by the company (e.g. setting up English website, assignment of personnel to be responsible for the collection and disclosure of company information).</p>	<p>(2) The company has an official website (http://www.acter.com.tw) that regularly discloses information on corporate ethics. The company has appointed dedicated personnel to gather and disclose information in a timely and appropriate manner.</p>	<p>None</p>
<p>5. If the Company has established its own ethical corporate governance in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, describe the operation status and difference with the best practice principles: 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/GTSM-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 better understanding of the Company’s ethical corporate management operations (e.g. announcement of company commitment to ethical corporate management practices and policies to business partners, requesting their participation in education and training, discussion of revisions to ethical corporate management rules set down by the Company): Below is a summary of steps taken by the management to ensure ethical business conduct: ①In 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, supervisors, managers and employees are bound to comply with and a list of conduct to avoid. ②The company assigns employees to participate in ethics training whenever deemed appropriate.</p>		

3.8 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.

3.9 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.

3.10 Internal Control System

3.10.1 Statement of Internal Control System : Please refer to page 63.

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

3.11 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. 26, 2015

Acter has conducted a self-assessment of internal controls for the period of January 1, 2014 to December 31, 2014. 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 2014/12/31 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. 26, 2015 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

3.12 Major Resolutions of Shareholders' Meeting and Board Meetings

3.12.1 Major Resolutions of Shareholders' Meeting

Date	Major resolutions
June 18, 2014	<ol style="list-style-type: none"> 1. Adoption of the 2013 business report and financial statements. 2. Adoption of the proposal for distribution of 2013 profits. 3. Discussion on the proposal to amend the Operational Procedures for Acquisition and Disposal of Assets. 4. The company intends to issue new restricted employee shares. 5. By-election of one supervisor.

3.12.2 Major Resolutions of Board Meetings

Date	Major resolutions
Feb. 24, 2014	<ol style="list-style-type: none"> 1. Resolved to approve the company's 2013 business report and financial statements. 2. Resolved to approve the distribution of 2013 profit. 3. Resolved to approve the by-election of one supervisor. 4. Approved to amend the company's "Procedures for Acquisition and Disposal of Assets." 5. Resolved to approve the application for credit limit at the company's banking institutions. 6. Resolved to approve the company's guarantees and endorsements. 7. Approved to provide a guarantee for credit limits applied for by subsidiaries. 8. Resolved to approve the company's 2013 statement of internal control system. 9. Resolved to approve the issuance of new restricted employee shares. 10. Resolved to approve the company's remuneration policy for directors and supervisors and bonus policy for employees. 11. Resolved to approve the 2014 executives' remuneration policy. 12. Approved to convene the company's 2014 annual shareholders' meeting.
Apr. 29, 2014	<ol style="list-style-type: none"> 1. Approved to provide a guarantee for credit limits applied for by subsidiaries. 2. Approved to lend capital to subsidiary - Nova Technology Malaysia Sdn. Bhd. 3. Resolved to approve the company's 2014 remuneration for executives 4. Approved to amend the company's "CSR Best Practice Principles." 5. Approved to amend the company's "Ethical Corporate Management Operating Procedures and Conduct Guide." 6. Resolved to approve the evaluation of qualification and independence, and remuneration of the Certified Public Accountants. 7. Resolved to approve the application for credit limit at the company's banking institutions. 8. Resolved to approve the company's guarantees and endorsements.
Jun. 18, 2014	<ol style="list-style-type: none"> 1. Resolved to approve the ex-dividend date for cash dividends distribution. 2. Approved to provide a guarantee for credit limits applied for by subsidiaries. 3. Resolved to approve the company's guarantees and endorsements. 4. Approved to establish Winmega Technology Corp. through the company's subsidiary - Nova Technology Corp. 5. Jointly invested Global One Source Life Sciences CO. LTD. with the company's subsidiary. 6. Resolved to approve the company's subsidiary - Nova Technology Corp's capital increase by cash. 7. Approved to acquire Yeu Shun Construction Co., Ltd. to integrate the Company's business. 8. Approved to amend the company's internal control policies.
Jul. 30, 2014	<ol style="list-style-type: none"> 1. Approved to amend the Corporate Governance Practical Rules.

Date	Major resolutions
Oct. 28, 2014	<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 amend the Subsidiary Management Policy. 4. Resolved to approve the company's 2015 annual audit plan. 5. Approved to provide a guarantee for credit limits applied for by subsidiaries. 6. Resolved to approve the application for credit limit at the company's banking institutions.
Dec. 26, 2014	<ol style="list-style-type: none"> 1. Approved to amend the Company's management guidelines. 2. Resolved to approve the company's guarantees and endorsements. 3. The special resolution of adding the "Guidelines for Subsidiaries to Release Stocks as Incentives to Retain Talent" has been approved. 4. Approved to implement the Restrict Stock Awards Plan. 5. Resolved to approve the company's remuneration policy to directors and supervisors and bonus policy to employees. 6. Resolved to approve the 2015 compensation policy. 7. Resolved to approve the company's 2015 fixed and variable compensation system and disbursement policy.
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," "Procedures for Endorsements and Guarantees," and "Procedures for Acquisition and Disposal of Assets." 13. Approved to amend the company's "Procedures for Election of Directors and Supervisors." 14. Approved to elect the members of the 10th Board of Directors. 15. Approved to release the Directors and Independent Directors from non-competition restrictions. 16. Resolved to approve the application for credit limit at the company's banking

Date	Major resolutions
	institutions. 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. 18. Approved to convene the company's 2015 annual shareholders' meeting.

3.13 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.

3.14 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.

4. Information on CPA professional fees

4.1 CPA professional fee range

CPA Information

CPA Firm	CPA' s Name		Audit Period	Remark
KPMG	Wu, Whe-Land	Chang, Tzu-Hsin	Jan. 1, 2014~Dec. 31, 2014	-

Fee Range

Bracket		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				

4.2 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 (Note)	Subtotal		
KPMG	Wu, Whe-Land Chang, Tzu-Hsin	2,980	-	-	-	730	730	Jan. 1, 2014~Dec. 31, 2014	-

Note : Non-Audit fees include tax report of NT\$420 thousand and Transfer pricing report of NT\$280 thousand and New Restricted Employee shares of NT\$30 thousand.

4.3 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.

4.4 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.

Not Applicable.

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

5.1

5.1.1 Regarding the Former CPA

Replacement Date	March 25, 2013		
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	Status	Parties	CPA 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		

5.1.2 Regarding the Successor CPA

Name of the successor CPA Firm	KPMG
CPA' s Name	Wu, Whe-Land 、 Chen, Cheng-Hsueh
Date of Engagement	Jan. 1, 2013 ~ Dec. 31, 2013
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

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

Not applicable.

5.2

5.2.1 Regarding 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	Status	Parties CPA	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		

5.2.2 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

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

Not applicable.

6. 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.

7. 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

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

Unit: Share

Title	Name	2014		As of Mar. 31, 2015	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman(CEO)	Liang, Chin-Li	0	0	0	0
Director(President)	Hsu, Chung-Cheng	0	0	0	0
Director	Hu, Tai-Tsen	0	0	800,000	0
Director	Kao, Hsin-Ming	0	0	0	0
Director	Yang, Jung-Tang	0	0	127,760	0
Independent Director	Chao, Rong-Shiang	0	0	0	0
Independent Director	Wang, Pai-Lu	0	0	0	0
Supervisor	Wu, Pi-Huei	0	0	0	0
Supervisor	Winsite Co., Ltd.	Note1		0	0
	Legal Representative : Shih, Tung			0	0
Independent Supervisor	Yeh, Hui-Hsin	0	0	0	0
Senior Vice President	Chang, Ching-Chuan	(200,923)	0	0	0
Assistant Vice President	Li, Po-Sheng	(115,000)	0	0	0

Title	Name	2014		As of Mar. 31, 2015	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Assistant Vice President	Lai, Ming-Kun	0	0	0	0
Assistant Vice President	Wang, Chun-Sheng	0	0	0	0
Assistant Vice President	Fan, Kuo-Ping	0	0	(3,000)	0
Assistant Vice President	Cheng, Chieh-Chung	0	0	0	0
Assistant Vice President	Chang, Ri-Dong	Note2		0	0
Manager of Financial Division	Tsao, Yun-Han	2,000	0	0	0

Note 1 : Supervisor Winsite Co., Ltd. Legal Representative : Shih,Tung was newly elected on June 18, 2014.

Note 2 : Assistant Vice President Chang, Ri-Dong was newly appointed on Nov. 20, 2014.

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

None.

7.3 Shares Pledge with Related Parties

None.

8. 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 March 30, 2015

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	2,266,567	4.86%	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	1,782,807	3.82%	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	3.58%	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	2.66%	0	0.00%	0	0.00%	None	None	None
Sumitomo Chemical Engineering Co., Ltd. Representative :Tutomu Konaka	1,200,421	2.58%	0	0.00%	0	0.00%	None	None	None
Hu, Tai-Tsen	1,101,401	2.36%	5,156	0.01%	0	0.00%	None	None	None
Yang, Jung-Tang	884,660	1.90%	0	0.00%	0	0.00%	Xiang-Hui Development Co., Ltd.	Chairman of Xiang-Hui Development Co., Ltd.	None
Li, Po-Sheng	785,163	1.68%	68,897	0.15%	0	0.00%	None	None	None
Yuanji Development Co., Ltd. Representative : Lin, Shu-E	731,000	1.57%	0	0.00%	0	0.00%	None	None	None
Datong entrusts GAM STAR NSEM shares.	700,000	1.50%	0	0.00%	0	0.00%	None	None	None

9. 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
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

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. Discounts and premiums in corporate valuation	3	Yes
		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. Advanced practical workshop for (independent) directors and supervisors 【Directors and supervisors and analysis of individual income tax】	3	Yes
		Taiwan Securities Association	11. Legal liabilities of business bribery and case studies		
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
		Accounting Research and Development Foundation	4. Practical case study on the most recent shareholders' meeting	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
		Foundation			
		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

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. Advanced practical workshop for (independent) directors and supervisors [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. Advanced practical workshop for (independent) directors and supervisors [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
Director	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	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"
			remittance		
		Securities & Futures Institute, ROC	8. Policy and case studies on insider market manipulation	3	Yes
		Securities & Futures Institute, ROC	9. Advanced practical workshop for (independent) directors and supervisors 【Legal liabilities of directors and supervisors in untruthful financial statements and risk control - based on real examples】	3	Yes
		Securities & Futures Institute, ROC	10. Advanced practical workshop for (independent) directors and supervisors 【The measure and countermeasure of shareholding by directors and supervisors and 50% off tax credit for dividends】	3	Yes
Independent Director	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

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"
Independent Director	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
Supervisor	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

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. Advanced practical workshop for (independent) directors and supervisors 【Directors and supervisors and analysis of individual income tax】	3	Yes
Independent Supervisor	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"
Supervisor	Winsite Co., Ltd. Legal Representative : Shih,Tung (Note1)	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 :Supervisor Winsite Co., Ltd. Legal Representative : Shih,Tung was newly elected on June 18, 2014.

10. 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, 2014

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.	8,900,000	100%	0	0%	8,900,000	100%
NOVA TECHNOLOGY CORP.	15,299,000	88.95%	65,000	0.38%	15,364,000	89.33%
ENRICH TECH CO., LTD	2,250,000	100%	0	0%	2,250,000	100%
WINMEGA TECHNOLOGY CORP.	0	0%	1,500,000	100%	1,500,000	100%
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 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	100%	Note 2	100%
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%

Note 1 : Investments accounted for using the equity method.

Note 2 : Limited Company.

IV. Capital Overview

1. Capital and Shares

1.1 Source of Capital

Unit : NT\$/Share As of March 31, 2015

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

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
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
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

Note 1 : Approved no. Jing So Chung Zi 09131559950, 01/14/2002 for the change of corporate organization to a company limited by stock.

Note 2 : Approved no. Jing So Chung Zi 09131821100, 03/15/2002 for the change of company name to Acter Co., Ltd.

Note 3 : Approved no. Jing So Chung Zi 09101180760, 05/29/2002

Note 4 : Approved no. Jing So Chung Zi 09332148850, 05/21/2004

Note 5 : Approved no. Jing So Chung Zi 09332275530, 06/17/2004

Note 6 : Approved no. Jing So Chung Zi 09333145630, 12/08/2004

Note 7 : Approved no. Jing So Chung Zi 09432493840, 07/20/2005

Note 8 : Approved no. Jing So Chung Zi 09532720880, 08/22/2006

Note 9 : Approved no. Jing So Chung Zi 09832194870, 05/11/2009

Note 10 : Approved no. Jing So Chung Zi 09932364500, 07/28/2010

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

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

Note 13 : Approved no. Fu So Jing Shang Zi 10407053170, 02/04/2015

1.2 Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common shares	46,615,819(Note)	25,384,181	72,000,000	GTSM Listed Company Stock

Note : 480,000 shares of Restricted Employee Shares Granted are under Custody.

1.3 Information for Shelf Registration: Not applicable.

2. Composition of Shareholders

As of March 30, 2015

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	1	40	6,224	28	6,293
Shareholding (Shares)	0	117,000	6,583,344	36,969,146	2,946,329	46,615,819
Percentage	0.00%	0.25%	14.12	79.31%	6.32%	100.00%

3. Shareholding Distribution Status

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

As of March 30, 2015

Class of Shareholding (Unit : Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	614	99,539	0.21%
1,000 ~ 5,000	4,739	8,811,095	18.90%
5,001 ~ 10,000	496	3,888,742	8.34%
10,001 ~ 15,000	140	1,754,458	3.76%
15,001 ~ 20,000	90	1,637,191	3.51%
20,001 ~ 30,000	76	1,957,513	4.20%
30,001 ~ 50,000	45	1,763,717	3.78%
50,001 ~ 100,000	37	2,576,504	5.53%
100,001 ~ 200,000	20	2,830,889	6.07%
200,001 ~ 400,000	19	5,481,168	11.76%
400,001 ~ 600,000	6	2,783,098	5.97%
600,001 ~ 800,000	4	2,884,699	6.19%
800,001 ~ 1,000,000	1	884,660	1.90%
1,000,001 or over	6	9,262,546	19.88%
Total	6,293	46,615,819	100.00%

3.2 Preferred Shares

The Company did not issue any preferred share.

4. List of Major Shareholders

As of March 30, 2015

Shareholder's Name	Shareholding	
	Shares	Percentage
Xiang-Hui Development Co., Ltd.	2,266,567	4.86%
Chiu-Chang Investment Co., Ltd	1,782,807	3.82%
Liang, Chin-Li	1,670,688	3.58%
Kao, Hsin-Ming	1,240,662	2.66%
Sumitomo Chemical Engineering Co., Ltd.	1,200,421	2.58%
Hu, Tai-Tsen	1,101,401	2.36%
Yang, Jung-Tang	884,660	1.90%
Li, Po-Sheng	785,163	1.68%
Yuanji Development Co., Ltd.	731,000	1.57%
Datong entrusts GAM STAR NSEM shares.	700,000	1.50%

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

Unit: NT\$; Thousand Shares

Item	2013	2014	2015/01/01-2015/03/31 (Note 4)
Market Price per Share			
Highest Market Price	154.50	129.50	86.30
Lowest Market Price	115.00	71.90	77.00
Average Market Price	135.53	108.32	80.90
Net Worth per Share			
Before Distribution	62.83	56.01	56.95
After Distribution	52.83	54.01 (Note 5)	Not Applicable
Earnings per Share			
Weighted Average Shares (thousand shares)	46,136	46,136	46,136
Diluted Earnings Per Share	10.11	2.06	1.16
Adjusted Diluted Earnings Per Share	10.11	2.06	Not Applicable
Dividends per Share			
Cash Dividends	10	2 (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

Item	2013	2014	2015/01/01-2015/03/31 (Note 4)
Return on Investment			
Price / Earnings Ratio (Note 1)	13.41	52.58	Not Applicable
Price / Dividend Ratio (Note 2)	13.55	54.16	Not Applicable
Cash Dividend Yield Rate (Note 3)	7.38%	1.85%	Not Applicable

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 4: The data of net worth per share and earnings per share were from the latest audited financial statement.

Note 5: The distribution of earnings for 2014 shall be determined by the 2015 Annual General Shareholders' Meeting.

6. Dividend Policy and Implementation Status

6.1 Dividend Policy

6.1.1 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:

1. Remit tax;
2. Compensate loss;
3. 10% legal reserve, unless the amount of legal reserve has reached the total capital amount;
4. Special reserve in accordance with law and the competent authority.
5. Director and supervisor remuneration in the amount not exceeding 3% of the balance following reserves under subsections 1 to 4 above;
6. Employee bonus in the amount not less than 2% of the balance following reserves under subsections 1 to 4 above; employee stock bonus may also be distributed to employees of subsidiaries;
7. 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.

6.1.2 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.

6.2 Proposed Distribution of Dividend

The proposal for distribution of 2014 profits was passed at the Meeting of the Board of Directors on Feb. 26, 2015. This proposal, the remuneration of directors and supervisors of NT\$1,707,313, the employee bonus of NT\$3,457,308, and a cash dividend of NT\$93,231,638(NT\$2 per share), will be discussed at the annual shareholders' meeting on May 28, 2015.

7. 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.

8. Employee Bonus and Directors' and Supervisors' Remuneration

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

If there are earnings for distribution at the end of each fiscal year, the company shall first pay all taxes and dues, offset any loss of prior year(s), set aside a legal reserve at 10% of the remaining net earnings, and then allocate director's and supervisors' remuneration and employee bonus at most 3% and at least 2% of the remaining earnings, respectively.

The remaining net earnings can be distributed together with prior accumulated undistributed retained earnings. The dividend distribution plan is drafted by the Board of Directors and submitted to the shareholder meeting for resolution. Cash dividend shall account for 10% or more of the total shareholder dividend.

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

8.2.1 The basis for estimating the amount of employee bonuses and director/supervisor compensation

Please refer to 6.1 Dividend Policy.

8.2.2 The company doesn't distribute stock bonuses for the current period.

8.2.3 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.

8.3 Profit Distribution of Year 2014 Approved in Board of Directors Meeting for Employee Bonus and Directors' and Supervisors' Remuneration

8.3.1 Distribution of cash bonuses or stock bonuses to employees, and remuneration of directors and supervisors. If there is any discrepancy between such an 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.

8.3.1.1 Distribution of cash bonuses or stock bonuses to employees, and remuneration of directors and supervisors

The proposal for distribution of 2014 profits was passed at the Meeting of the Board of Directors on Feb. 26, 2015. The employee cash bonus is NT\$3,457,308 and the remuneration of directors and supervisors is NT\$1,707,313.

8.3.1.2 If there is any discrepancy between such an 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.

8.3.2 The amount of any proposed distribution of employee stock bonuses, and the size of such an 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 bonuses.

None.

8.3.3 The annual report shall assess the effect upon imputed earnings per share of any proposed distribution of employee bonuses and director/supervisor compensation.

Not applicable.

8.4 Information of 2013 Earnings Set Aside to Employee Bonus and Directors' and Supervisors' Remuneration

8.4.1 The actual distribution of employee bonuses and director/supervisor remuneration for the previous fiscal year(2013) are as follows.

Employee Bonuses : NT\$21,321,994.

The remuneration of directors and supervisors :NT\$10,972,973.

8.4.2 If there is any discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor remuneration, additionally the discrepancy, cause, and how it is treated : None.

9. Buyback of Treasury Stock

None.

10. Issuance of Corporate Bonds

None.

11. Issuance of Preferred Stock

None.

12. Issuance of Global Depository Receipts

None.

13. Employee Stock Options

None.

14. New Restricted Employee Stocks

14.1 Issuance of Restricted Employee Shares

March 31, 2015

Type of Restricted Shares	Issuance of restricted employee shares for 2014
Approval Date by the Authority	2015/01/12
Grant Date	2015/01/26
Number of Restricted Employee Shares Granted	480,000
Price of Issuance	0
Percentage of Restricted Employee Shares to Outstanding Common Shares	1.03%
Conditions for Exercise of Restricted Employee Shares	Vesting conditions are based on the years of service and financial performance which are both achieved.
Limitations to the Rights of Restricted Employee Shares	Restricted rights before employees meet the vesting conditions : (a) During the vesting term, the new restricted employee shares may not be sold, pledged, transferred, donated or otherwise disposed of. (b) The new restricted employee shares carry the same

	<p>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 2014 Guidelines for Issuing New Restricted Shares to Employees.
Procedures for Non-Compliance of the Conditions	After Company shall redeem and cancel all new restricted employee shares 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
Number of Restricted Employee Shares Free from Custody	0
Number of Restricted Employee Shares under Custody	480,000
Number of Restricted Employee Shares under Custody to Outstanding Common Shares (%)	1.03%
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 2014 to 2017 is estimated at NT\$0.41, NT\$0.28, NT\$0.15 and NT\$0.01 respectively.

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

March 31, 2015

	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	306,000	0.66%	0	0	0	0.00%	306,000	0	0	0.66%
	President	Hsu, Chung-Cheng										
	Senior Vice President	Chang, Ching-Chuan										
	Assistant Vice President	Li, Po-Sheng										
	Assistant Vice President	Lai, Ming-Kun										
	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										

	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 (%)
Employee	Manager	Lin, Jing-Yi	168,000	0.36%	0	0	0	0.00%	168,000	0	0	0.36%
	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										

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

None.

16. Financing Plans and Implementation

None.

V. Operational Highlights

1. Business Activities

1.1 Business Scope

1.1.1 Main areas of business operations

- 1.1.1.1 Turnkey engineering projects.
- 1.1.1.2 Cleanroom engineering.
- 1.1.1.3 Bio-medical engineering.
- 1.1.1.4 Energy technology services.
- 1.1.1.5 Air-conditioning electromechanical engineering.
- 1.1.1.6 Ice storage projects.
- 1.1.1.7 Industrial ventilation engineering.
- 1.1.1.8 Constant-temperature constant-humidity engineering.
- 1.1.1.9 Design and construction of pure water as well as wastewater systems.
- 1.1.1.10 Environmental engineering.
- 1.1.1.11 Water, gas, and chemical system integration engineering services for high-tech processes.
- 1.1.1.12 Design and construction of high-purity chemical supply systems.
- 1.1.1.13 Design and construction of high-purity gas supply systems.
- 1.1.1.14 Design and construction of volatile organic gas processing systems.
- 1.1.1.15 Design and construction of CMP solution supply systems.
- 1.1.1.16 Design and construction of shared systems for entire plants.
- 1.1.1.17 Repair and maintenance engineering.
- 1.1.1.18 High-tech equipment/materials sales and services.

1.1.2 Revenue distribution

Unit ; NT\$ thousand ; %

Major Divisions	Total Sales in Year 2014	(%) of total sales
Construction Revenue	6,459,282	85.20%
Sales	1,087,273	14.34%
Other Operating Revenue	34,997	0.46%
Total	7,581,552	100%

1.1.3 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) :

- Cleanroom engineering for high-tech factory construction.
- Full-plant electromechanical system integration for high-tech factory construction.
- Full-plant electromechanical system integration for biomedical technology facilities.
- Air-conditioning electromechanical engineering for traditional industries.
- Other general electromechanical engineering and customer services.

1.1.4 New products (Services) planned for development

- Green energy certification
- Pollution control project
- Purified water (extra-purified water) project
- Water recycling and desalination system
- Pre-fabrication technique for large cement tanks

1.2 Industry Overview

1.2.1 Current Status and Development of the Industry

With the development of Taiwan's economy and industry, traditional industries have transformed into high-tech industries, and with the rise of electronics, telecommunications, and biomedical industries, traditional electromechanical engineering has transformed into electromechanical system integration and cleanroom engineering services. Furthermore, due to the rise of high-tech industries, domestic cleanroom facility construction, and peripheral electromechanical systems integration, engineering services have also grown rapidly. Taiwan's cleanroom engineering service providers have benefited from the development of high-tech industries, especially the semiconductor and optoelectronic industries. With the demand for cleanroom technologies and services of these industries continuing to grow, domestic service providers will also continue to enjoy growth opportunities.

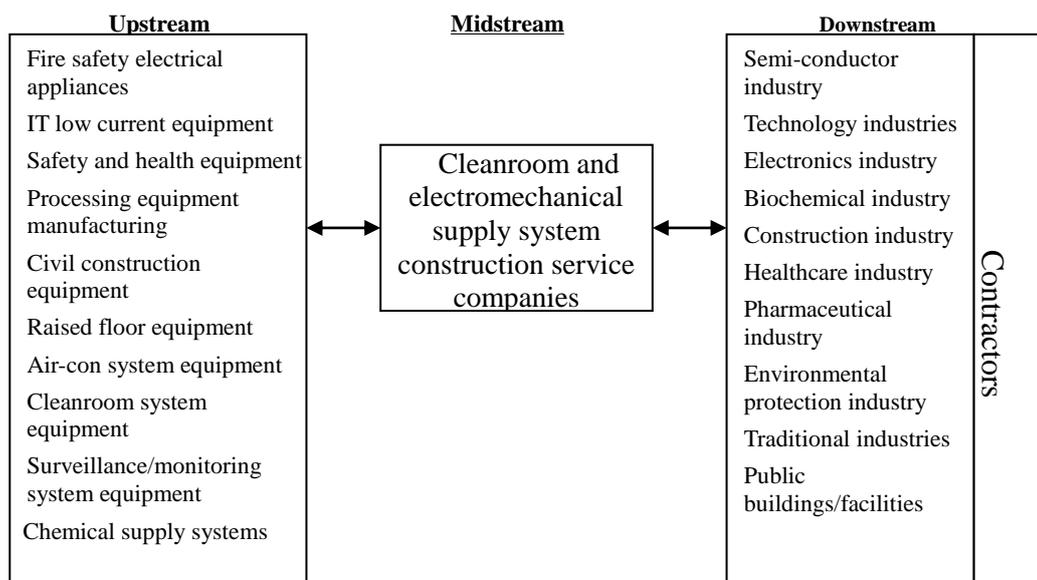
In recent years, due to the development of the semiconductor, optoelectronic, biomedical, and solar energy industries, as well as government policy to revitalize industrial areas and encourage companies that have moved offshore to return and invest domestically, demand for cleanroom engineering and process pipeline engineering services has grown gradually.

The electromechanical air-conditioning services industry is closely related to people's everyday lives and plays a critical role in providing central air conditioning systems for public facilities, cleanrooms for precision semiconductor processes, refrigerated storage facilities for fresh meats and produce, low-temperature logistics and warehousing, as well as vacuum freezing and drying systems. The recent food safety issue has also led Taiwanese people to care about what they eat. Enhanced and improved processes in the food industry have made mechanical and electrical air-conditioning engineering service providers indispensable as well.

In recent years, mainland China has experienced rapid growth and has already become the largest industrial nation in the world. Its local high-tech industries are booming, with electromechanical systems integration engineering services playing a driving role in industrial development. Cleanrooms and electromechanical air-conditioning engineering services are destined to play a critical role in the 12th Five-Year Plan.

1.2.2 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 :



1.2.3 Development Trends for the Company's Products

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

1.2.4 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.

1.3 Research and Development

1.3.1 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.

1.3.2 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	2014	As of March 31, 2015
Total R&D Expenses	49,551	12,871

1.3.3 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
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

Category	Unique or innovative technique
	GTP cleanroom integration engineering technology
	Food cGMP plants integrate their technologies to reach beyond borders
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

Patent type	Patent name
Invention patents	Single-axis rotating robotic arm
Utility model	Automatic holder tank to steel cylinder anti-leak system
	Automatic twin cylinder nitrogen panel
	In-line automatic HF and HN03 heat exchanger
	Segmented control heating pad for the gas supply system
	Automatic shut-off one-piece etching/cleaning machine
	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	

Note : The above patents were newly added in 2014.

1.4 Long-term and Short-term Development

1.4.1 Short-term Development

- 1.4.1.1 Energy conservation service expansion engineering.
- 1.4.1.2 Assisting biotech companies with factory upgrades.
- 1.4.1.3 Actively develop turnkey services for technology industries.
- 1.4.1.4 Establish industry-academia cooperative efforts in order to develop talent.
- 1.4.1.5 Integrate marketing services in order to boost customer satisfaction levels.
- 1.4.1.6 Waste water and gas treatment and cremation of sludge and waste liquids.

1.4.1.7 Water recycling, desalination, and zero emissions of waste water.

1.4.1.8 Pre-fabrication Technique for Large Cement Tanks.

1.4.2 Long-term Development

1.4.2.1 Integrate domestic and foreign business and resources.

1.4.2.2 Engage in horizontal integration and differentiated services.

1.4.2.3 Innovative techniques are an industry driver.

2. Market and Sales Overview

2.1 Market Analysis

2.1.1 Sales (Service) Region

Our company as well as our subsidiary companies currently provide 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.

2.1.2 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 and 12th in 2013.

2.1.3 Demand and supply conditions for the market in the future, and the market's growth potential

2.1.3.1 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.

2.1.3.2 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.

2.1.3.3 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.

2.1.4 competitive niche

2.1.4.1 Exceptional construction performance and extensive service coverage

Over the 35 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. in 2014 to proactively expand the part of business.

2.1.4.2 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.

2.1.4.3 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.

2.1.4.4 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.

2.1.4.5 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.

2.1.4.6 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.

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

2.1.5.1 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.

2.1.5.2 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

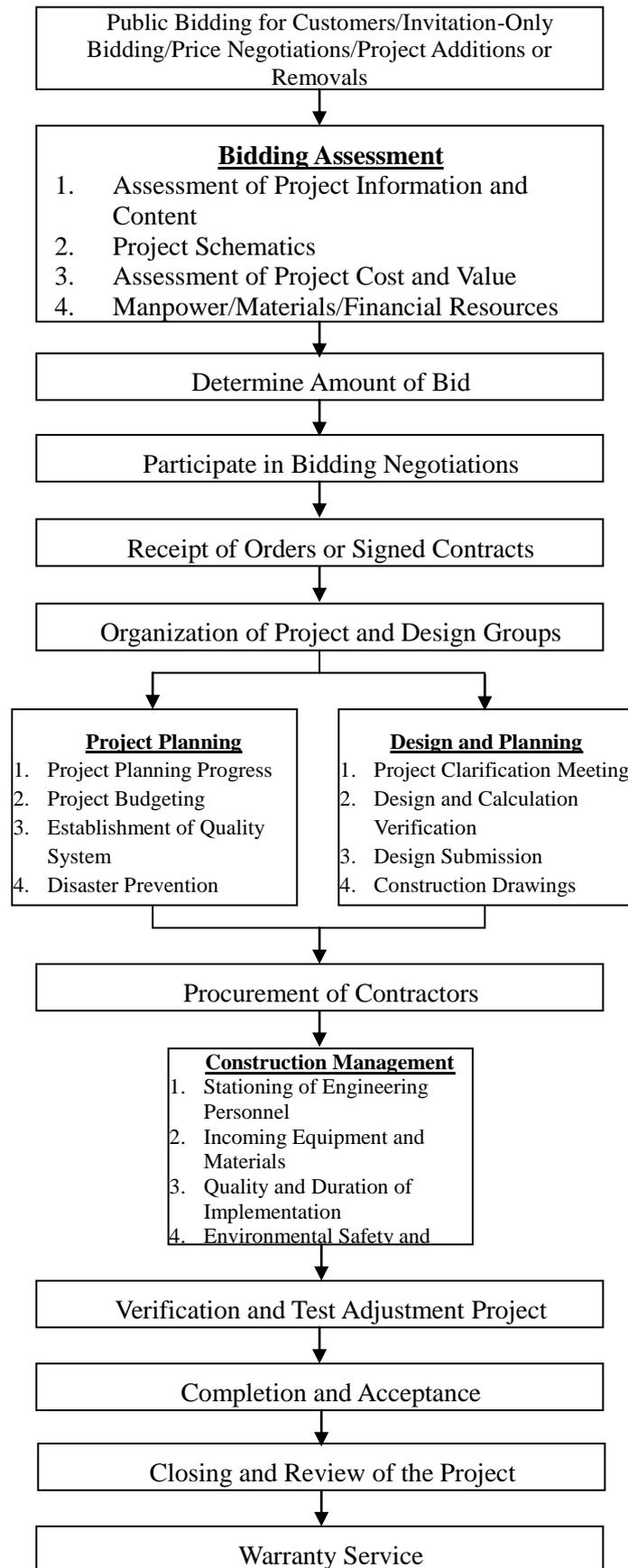
so that students will prioritize the Company when choosing a career in the future.

2.2 The Production Procedures of Main Products

2.2.1 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.

2.2.2 Major Products and Their Production Processes



2.3 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.

2.4 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

2.4.1 Major Suppliers Information for the Last Two Calendar Years

Unit : NT\$ thousand

Item	2013			2014			As of March 31, 2015					
	Company Name	Amount	(%)	Relation with Issuer	Company Name	Amount	(%)	Relation with Issuer	Company Name	Amount	(%)	Relation with Issuer
	Others	7,156,555	100	-	Others	6,710,380	100	-	Others	1,137,918	100	-
	Net Total Supplies	7,156,555	100	-	Net Total Supplies	6,710,380	100	-	Net Total Supplies	1,137,918	100	-

Note 1: The reason for increases or decreases of the amount was due to business demand.

Note 2 : There were no suppliers accounting for 10 percent or more of the company's total procurement amount in 2013, 2014 and 2015 as of March 31.

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

Unit : NT\$ thousand

Item	2013			2014			As of March 31, 2015					
	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer	Company Name	Amount	(%)	Relation With Issuer
	Others	8,656,072	100%	-	Others	7,581,552	100.00	-	Others	1,354,283	100.00	-
	Net Sales	8,656,072	100%	-	Net Sales	7,581,552	100.00	-	Net Sales	1,354,283	100.00	-

Note 1: The reason for increases or decreases of the amount was due to business demand.

2.5 Production over the Last Two Years

Unit: NT\$ thousand

Output Major Products (or by departments)	Year	2013			2014		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Cleanroom electromechanical integration engineering	Note	Note		4,116,358	Note	Note	2,828,196
Consumer industry electromechanical integration engineering	Note	Note		1,169,457	Note	Note	1,396,166
Biomedical integration engineering	Note	Note		502,383	Note	Note	700,607
Water gasification supply integration engineering	Note	Note		786,561	Note	Note	942,711
High-tech equipment and materials sales and services	Note	Note		1,042,348	Note	Note	1,091,577
Total	Note	Note		7,617,107	Note	Note	6,959,257

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

2.6 Shipments and Sales over the Last Two Years

Unit: NT\$ thousand

Shipments & Sales Major Products (or by departments)	Year	2013				2014			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Cleanroom electromechanical integration engineering	Note	4,604,860	Note	Note	Note	3,191,089	Note	Note	
Consumer industry electromechanical integration engineering	Note	1,286,868	Note	Note	Note	1,408,639	Note	1,405	
Biomedical integration engineering	Note	580,342	Note	Note	Note	736,817	Note	Note	
Water gasification supply integration engineering	Note	814,464	Note	76,731	Note	1,029,472	Note	14,103	
High-tech equipment and materials sales and services	Note	1,190,703	Note	102,104	Note	1,050,260	Note	149,767	
Total	Note	8,477,237	Note	178,835	Note	7,416,277	Note	165,275	

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

3. Human Resources

Year		2013	2014	As of March 31, 2015
Number of Employees	Direct Employees	746	740	763
	Indirect Employees	210	227	225
	Total	956	967	988
Average Age		32.62	33.92	34.89
Average Years of Service		3	3.66	3.74
Education	Ph.D.	0	1	1
	Masters	44	54	57
	Bachelor's Degree	399	424	434
	Junior College	365	331	338
	Senior High School	89	127	128
	Below Senior High School	59	30	30

4. Disbursements for Environmental Protection

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.

5. Labor Relations

5.1 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

5.1.1 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.

5.1.2 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 : session ; count ; hour ; NT\$

Course type	No. of sessions	Total participant count	Total hours	Total expense
Specialized training	248	811	5,320	1,387,062
General knowledge training	12	509	1,126	
Orientation	118	206	1,451	
On-the-job training	162	882	5,722	
Total	540	2,408	13,619	

Below is a description of courses offered to employees:

- 5.1.2.1 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.
- 5.1.2.2 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.

- 5.1.2.3 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.
- 5.1.2.4 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.
- 5.1.2.5 Subsidies: Different subsidies are available for different areas and positions. There are cross-area allowances, phone bill subsidies, and medical care reimbursements, for example.
- 5.1.2.6 Bounties: In some companies, there are subsidies and bounties for foreign language learning programs, covering tuition or increasing salary.

5.1.3 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.

5.1.4 The Status of Labor-Management Agreements and Measures for Preserving Employees' Rights and Interests

- 5.1.4.1 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.
- 5.1.4.2 Due to harmonious employer-employee relations, there were no employment-related disputes in the last year.

5.1.5 Employee share subscription and profit sharing

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, earnings are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserve. Any balance remaining after that will have a certain percentage allocated as employee bonus. 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. 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.

5.2 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.

6. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	Taiwan Cooperative Bank	2014/05/07~2015/05/07 (Acter Co., Ltd.) 2014/12/05~2015/12/05 (Her Suo) 2014/11/10~2015/11/10 (Nova Technology) 2014/06/05~2015/06/05 (Sheng Huei (Suzhou))	Overall credit limit & Financing for external debt	None
Financing Contract	Mega International Commercial Bank	2014/06/23~2015/06/22 (Acter Co., Ltd.) 2014/08/19~2015/08/18 (Her Suo) 2014/11/03~2015/11/02 (Nova Technology & Winmax)	Overall credit limit & Financing for external debt	None
Financing Contract	Hua Nan Bank	2014/11/11~2015/11/11 (Acter Co., Ltd. & Sheng Huei (Vietnam) & NTS) 2015/03/13~2016/03/13 (Nova Technology) 2015/01/14~2016/01/14 (Sheng Huei (Suzhou))	Overall credit limit & Financing for external debt	None
Financing Contract	Shin Kong Bank	2014/10/13~2015/10/01 (Acter Co., Ltd.) 2014/05/10~2015/05/09 (Nova Technology)	Overall credit limit	None

Agreement	Counterparty	Period	Major Contents	Restrictions
Financing Contract	Taishin International Bank	2014/11/30~2015/11/30 (Winmax) 2014/11/30~2015/11/30 (Sheng Huei (Suzhou))	Financing for external debt	None
Financing Contract	Bank of Shanghai	2014/04/29~2015/04/28 (Acter Co., Ltd)	Overall credit limit	None
Financing Contract	CTBC Bank	2015/01/05~2017/02/05 (Acter Co., Ltd)	Overall credit limit	None
Financing Contract	Yuanta Bank	2014/04/02~2015/04/01 (NTS)	Overall credit limit	None
Financing Contract	Fist Sino Bank	2014/05/19~2015/05/31(Sheng Huei (Shenzhen)& Sheng Huei (Suzhou) & Fuyu) 2014/05/15~2015/05/31 (Winmax)	Overall credit limit	None
Financing Contract	Bank SinoPac	2014/03/24~2015/03/31 (Contract renewals in progress -Sheng Huei (Shenzhen)& Sheng Huei (Suzhou))	Financing for external debt	None
Financing Contract	HSBC	2014/07/26~2015/07/25 (Sheng Huei (Shenzhen)& Sheng Huei (Suzhou) & Fuyu)	Overall credit limit	None
Financing Contract	China CITIC Bank	2014/06/23~2015/06/23 (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	China Development Industrial Bank	2014/02/21~2015/02/20 (Contract renewals in progress -Sheng Huei (Suzhou))	Financing for external debt	None
Financing Contract	Shanghai Pudong Development Bank	2014/07/29~2015/07/29 (Sheng Huei (Suzhou))	Overall credit limit	None
Financing Contract	Bank of China	2014/07/15~2015/03/26 (Contract renewals in progress - Winmax)	Overall credit limit	None
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	Engineering	Guaranteed

Agreement	Counterparty	Period	Major Contents	Restrictions
		to schedule from 2014/11/01	Contract	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	Daxin Materials Corp	Work completed and inspected according to schedule from 2013/04/11	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 2012/02/15	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	Bionime Corporation	Work completed and inspected according to schedule from 2012/04/09	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.	2014/05/20~2016/10/30	Sales Contract for Equipment	Guaranteed commitment
Sales Contract	Shenzhen China Star Optoelectronics Technology Co., Ltd.	2014/06/28~2017/01/25	Sales Contract for Equipment	Guaranteed commitment
Sales Contract	Shenzhen China Star Optoelectronics Technology Co., Ltd.	2015/01/20~2017/11/30	Sales Contract for Equipment	Guaranteed commitment
Sales Contract	Everdisplay Optronics Co., Ltd.	2014/04/01~2017/01/31	Sales Contract for Equipment	Guaranteed commitment
Engineering Contract	Chung Hsiang Electrical & Plumbing Co. Ltd.	Work completed and inspected according to schedule from 2011/05/16	Engineering Contract	Guaranteed commitment
Engineering Contract	China Ecotek Corp.	Work completed and inspected according to schedule from 2012/05/21	Engineering Contract	Guaranteed

Agreement	Counterparty	Period	Major Contents	Restrictions
				commitment
Engineering Contract	Toppan Chunghwa Electronics Corporation	Work completed and inspected according to schedule from 2014/04/01	Engineering Contract	Guaranteed commitment
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	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

VI. Financial Information

1. Five-Year Financial Summary

1.1 Condensed Balance Sheet

1.1.1 Condensed Consolidated Balance Sheet-IFRS

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary(Note 1)					Financial data as of 2015/03/31 (Note 1)
		2010	2011	2012	2013	2014	
Current assets				6,453,221	6,477,953	6,252,885	6,272,267
Property, plant and equipment				340,451	334,438	340,595	333,420
Intangible assets				9,041	11,694	23,482	22,466
Other assets				116,736	181,197	241,576	230,045
Total assets				6,919,449	7,005,282	6,885,900	6,881,790
Current liabilities	Before distribution			3,878,756	3,892,753	4,024,960	3,940,144
	After distribution			4,340,114	4,354,111	Not applicable	Not applicable
Non-current liabilities				209,833	213,944	192,562	194,606
Total liabilities	Before distribution			4,088,589	4,106,697	4,217,522	4,134,750
	After distribution			4,549,947	4,568,055	Not applicable	Not applicable
Equity attributable to owners of the parent		Not applicable					
Common stock				461,359	461,359	461,359	466,158
Capital surplus				896,599	896,599	936,951	977,817
Retained earnings	Before distribution			1,495,529	1,499,592	1,129,996	1,183,387
	After distribution			1,034,171	1,038,234	Not applicable	Not applicable
Other equity				(22,627)	41,035	55,867	(71)
Treasury stock				0	0	0	0
Non-controlling interest				0	0	84,205	119,749
Total shareholders' equity	Before distribution			2,830,860	2,898,585	2,668,378	2,747,040
	After distribution			2,369,502	2,437,227	Not applicable	Not applicable

Note 1 : Financial information in 2012~2014 has been audited by CPA and Financial information for the period as of the quarter preceding the date of printing of the annual report was reviewed by CPA.

Note 2 : The distribution of 2014 profits shall be determined by the 2015 annual shareholders' meeting.

1.1.2 Condensed Standalone Balance Sheet-IFRS

Unit : NT\$ thousand

Year		Five-Year Financial Summary(Note 1)				
		2010	2011	2012	2013	2014
Item						
Current assets				2,668,464	2,357,410	1,964,539
Property, plant and equipment				163,465	160,134	157,648
Intangible assets				5,953	5,623	4,324
Other assets				1,583,163	1,781,102	54,710
Total assets				4,421,045	4,304,269	3,886,146
Current liabilities	Before distribution			1,412,228	1,222,246	1,147,972
	After distribution			1,873,586	1,683,604	Not applicable
Non-current liabilities				177,957	183,438	154,001
Total liabilities	Before distribution			1,590,185	1,405,684	1,301,973
	After distribution			2,051,543	1,867,042	Not applicable
Equity attributable to owners of the parent			Not applicable			
Common stock				461,359	461,359	461,359
Capital surplus				896,599	896,599	936,951
Retained earnings	Before distribution			1,495,529	1,499,592	1,129,996
	After distribution			1,034,171	1,038,254	Not applicable
Other equity				(22,627)	41,035	55,867
Treasury stock				0	0	0
Non-controlling interest				0	0	0
Total shareholders' equity	Before distribution			2,830,860	2,898,585	2,584,173
	After distribution			2,369,502	2,437,227	Not applicable

Note 1 : Financial information in 2012 ~2014 has been audited by CPA.

Note 2 : The distribution of 2014 profits shall be determined by the 2015 annual shareholders' meeting.

1.1.3 Condensed Consolidated Balance Sheet-ROC GAAP

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary (Note)				
		2010	2011	2012	2013	2014
Current assets		4,741,162	6,230,789	6,467,289	Not Applicable	
Funds & Long-term investments		11,452	50,968	10,669		
Fixed assets		74,798	267,533	340,451		
Intangible assets		8,995	57,098	56,717		
Other assets		51,186	44,592	45,790		
Total assets		4,887,593	6,650,980	6,920,916		
Current liabilities	Before distribution	2,916,802	4,034,822	4,038,198		
	After distribution	3,332,160	4,496,180	4,499,556		
Long-term liabilities		0	0	0		
Other liabilities		77,827	134,499	169,116		
Total liabilities	Before distribution	2,994,629	4,169,321	4,207,314		
	After distribution	3,409,987	4,630,679	4,668,672		
Common stock		415,359	461,359	461,359		
Capital surplus		539,869	896,599	896,599		
Retained earnings	Before distribution	949,666	1,093,972	1,342,079		
	After distribution	534,308	632,614	880,721		
Unrealized gain or loss on financial instruments		5,848	(1,662)	4,608		
Cumulative translation adjustments		(15,067)	34,606	11,127		
Net loss unrecognized as pension cost		(2,711)	(3,215)	(2,170)		
Total shareholders' equity	Before distribution	1,892,964	2,481,659	2,713,602		
	After distribution	1,477,606	2,020,301	2,252,244		

Note : Financial information in 2010~ 2012 has been audited by CPA. The Financial information in 2013 and 2014 was prepared in accordance with IFRS. Please refer to the tables above.

1.1.4 Condensed Standalone Balance Sheet- ROC GAAP

Unit : NT\$ thousand

Item	Year	Five-Year Financial Summary (Note)				
		2010	2011	2012	2013	2014
Current assets		2,314,645	2,138,383	2,694,531		
Funds & Long-term investments		824,362	1,352,776	1,473,693		
Fixed assets		47,122	161,838	163,465		
Intangible assets		4,145	12,608	12,383		
Other assets		36,081	35,920	34,520		
Total assets		3,226,355	3,701,525	4,378,592		
Current liabilities	Before distribution	1,264,238	1,102,322	1,521,817		
	After distribution	1,679,596	1,563,680	1,983,175		
Long-term liabilities		0	0	0		
Other liabilities		69,153	117,544	143,173		
Total liabilities	Before distribution	1,333,391	1,219,866	1,664,990		Not Applicable
	After distribution	1,748,749	1,681,224	2,126,348		
Common stock		415,359	461,359	461,359		
Capital surplus		539,869	896,599	896,599		
Retained earnings	Before distribution	949,666	1,093,972	1,342,079		
	After distribution	534,308	632,614	880,721		
Unrealized gain or loss on financial instruments		5,848	(1,662)	4,608		
Cumulative translation adjustments		(15,067)	34,606	11,127		
Net loss unrecognized as pension cost		(2,711)	(3,215)	(2,170)		
Total shareholders' equity	Before distribution	1,892,964	2,481,659	2,713,602		
	After distribution	1,477,606	2,020,301	2,252,244		

Note : Financial information in 2010~ 2012 has been audited by CPA. The Financial information in 2013 and 2014 was prepared in accordance with IFRS. Please refer to the tables above.

1.2 Condensed Statement of Income

1.2.1 Condensed Consolidated Statement of Income-IFRS

Unit : NT\$ thousand

Item \ Year	Five-Year Financial Summary					Financial data as of 2015/03/31 (Note)
	2010	2011	2012	2013	2014	
Operating revenue			8,282,393	8,656,072	7,581,552	1,354,283
Gross profit			1,369,959	1,038,965	622,295	198,181
Income from operations			942,739	564,321	53,881	70,757
Non-operating income(expenses)			(26,525)	56,010	31,422	525
Income before tax			916,214	620,331	85,303	71,282
Income from continuing operations - after tax			696,137	466,391	89,034	54,556
Loss of discontinued operation			0	0	0	0
Net income			696,137	466,391	89,034	54,556
Other comprehensive income - after tax			(11,621)	62,692	3,874	(16,595)
Total comprehensive income		Not applicable	684,516	529,083	92,908	37,961
Net income attributable to owners of the parent			696,137	466,391	94,830	53,390
Net income attributable to non-controlling interest			0	0	(5,796)	1,166
Total comprehensive income attributable to owners of the parent			684,516	529,083	106,594	37,052
Total comprehensive income attributable to non-controlling interest			0	0	(13,686)	909
Earnings per share			15.09	10.11	2.06	1.16

Note : Financial information in 2012~2014 has been audited by CPA and Financial information for the period as of the quarter preceding the date of printing of the annual report was reviewed by CPA.

1.2.2 Condensed Standalone Statement of Income-IFRS

Unit : NT\$ thousand

Item \ Year	Five-Year Financial Summary(Note)				
	2010	2011	2012	2013	2014
Operating revenue			3,725,030	3,183,429	2,953,833
Gross profit			719,599	458,676	302,277
Income from operations			582,017	333,450	185,169
Non-operating income(expenses)			239,167	222,753	(95,399)
Income before tax			821,184	556,203	89,770
Income from continuing operations - after tax			696,137	466,391	94,830
Loss of discontinued operation			0	0	0
Net income			696,137	466,391	94,830
Other comprehensive income - after tax			(11,621)	62,692	11,764
Total comprehensive income		Not applicable	684,516	529,083	106,594
Net income attributable to owners of the parent			696,137	466,391	94,830
Net income attributable to non-controlling interest			0	0	0
Total comprehensive income attributable to owners of the parent			684,516	529,083	106,594
Total comprehensive income attributable to non-controlling interest			0	0	0
Earnings per share			15.09	10.11	2.06

Note : Financial information in 2012~2014 has been audited by CPA.

1.2.3 Condensed Consolidated Statement of Income-ROC GAAP

Unit : NT\$ thousand

Item \ Year	Five-Year Financial Summary (Note)				
	2010	2011	2012	2013	2014
Operating revenue	6,250,357	8,537,578	8,497,916	Not applicable	
Gross profit	1,223,068	1,111,385	1,409,686		
Income from operations	910,891	767,525	981,733		
Non-operating income	37,494	41,959	30,816		
Non-operating expenses	16,862	9,325	57,298		
Income from operations of continued segments - before tax	931,523	800,159	955,251		
Income from operations of continued segments - after tax	726,139	559,664	709,533		
Income from discontinued departments	0	0	0		
Extraordinary gain or loss	0	0	0		
Cumulative effect of accounting principle changes	0	0	0		
Net income	726,139	559,664	709,533		
Earnings per share	19.32	13.30	15.38		

Note : Financial information in 2010~2012 has been audited by CPA. The Financial information in 2013 and 2014 was prepared in accordance with IFRS. Please refer to the tables above.

1.2.4 Condensed Standalone Statement of Income- ROC GAAP

Unit : NT\$ thousand

Item \ Year	Five-Year Financial Summary (Note)				
	2010	2011	2012	2013	2014
Operating revenue	3,091,742	3,427,618	3,308,493	Not applicable	
Gross profit	616,846	403,726	648,173		
Income from operations	494,276	274,829	510,027		
Non-operating income	357,539	390,412	355,158		
Non-operating expenses	4,065	1,346	30,977		
Income from operations of continued segments - before tax	847,750	663,895	834,208		
Income from operations of continued segments - after tax	726,139	559,664	709,533		
Income from discontinued departments	0	0	0		
Extraordinary gain or loss	0	0	0		
Cumulative effect of accounting principle changes	0	0	0		
Net income	726,139	559,664	709,533		
Earnings per share	19.32	13.30	15.38		

Note : Financial information in 2010~ 2012 has been audited by CPA. The Financial information in 2013 and 2014 was prepared in accordance with IFRS. Please refer to the tables above.

2. Auditors' Opinions from 2010 to 2014

Year	CPA Firm	CPA's Name	Auditing Opinion
2010	KPMG	Wu, Whe-Land Wei, Hsing-Hai	Unqualified 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

3. Five-Year Financial Analysis

3.1 Financial Analysis-IFRS(Consolidated Financial Statements)

Item (Note 3)		Year	Financial analysis in the past five years (Note 1)				As of 2015/03/31 (Note 2)
		2010	2011	2012	2013	2014	
Financial structure(%)	Ratio of liabilities to assets			59.08	58.62	61.24	60.08
	Ratio of long-term capital to property, plant and equipment			893.13	866.70	839.98	882.26
Solvency (%)	Current ratio			166.37	166.41	155.35	159.18
	Quick ratio			110.37	103.34	87.59	90.36
	Times interest earned ratio			24,245.01	10,516.38	2,537.48	14,298.59
Operating ability	Accounts receivable turnover (turns)			3.81	4.11	3.63	2.64
	Average collection period			95.80	88.80	100.55	138.25
	Inventory turnover (turns)			0.98	0.97	0.81	0.48
	Accounts payable turnover (turns)			3.06	3.28	2.81	2.00
	Average days in sales			372.44	376.28	450.61	760.41
	Property, plant and equipment turnover (turns)			27.24	25.65	22.46	16.07
	Total assets turnover (turns)			1.19	1.24	1.09	0.78
Profitability	Return on total assets (%)			10.09	6.77	1.40	0.79
	Return on stockholders' equity (%)			25.59	16.28	3.40	2.01
	Ratio of Pre-tax income to issued capital (%) (Note 7)			198.59	134.46	18.48	15.29
	Profit ratio (%)			8.40	5.39	1.25	4.02
	Earnings per share (\$)			15.08	10.11	2.06	1.16
Cash flow	Cash flow ratio (%)			19.41	(4.73)	4.57	(2.92)
	Cash flow adequacy ratio (%)			85.50	54.62	49.01	27.85
	Cash reinvestment ratio (%)			9.46	(20.67)	(9.48)	(3.83)
Leverage	Operating leverage			1.01	1.03	1.60	1.16
	Financial leverage			1.00	1.01	1.07	1.01
Key performance indicator	Unfinished construction (NT\$ thousands)			6,783,118	7,139,676	8,072,591	7,647,688
	Revenue growth rate(%)			(24.99)	4.51	(12.41)	(28.54)
	Net income growth rate(%)			(3.10)	(33.00)	(79.66)	130.12

Item (Note 3)	Year	Financial analysis in the past five years (Note 1)					As of 2015/03/31 (Note 2)
		2010	2011	2012	2013	2014	
	Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)						
	1. The decrease in times interest earned ratio was mainly due to the decrease in income before tax by 86.25%.						
	2. The decrease in return on total assets and return on stockholders' equity was mainly due to the decrease in net income by 79.67%.						
	3. The ratio of Pre-tax income to issued capital decreased due to the decrease in income before tax by 86.25%.						
	4. The decrease in profit ratio and Earnings per share was mainly due to the decrease in net income by 79.67%.						
	5. The increase in Cash flow ratio was mainly due to the fact that billings made towards the end of 2014 were collected within the terms of payment.						
	6. The increase in cash flow adequacy ratio and cash reinvestment ratio was mainly due to the change of cash flow from operating activities from a net outflow to a net inflow in 2014.						
	7. The increase in Operating leverage was mainly due to the decrease in income from operations by 90.45%.						
	8. The decrease in Revenue growth rate was mainly due to slowed down of growth of revenue.						
	9. The overall combined net margin of projects for 2014 was slightly lower to accordingly impact the net operating margin, which decreased by 31.67%. This decrease was mainly the result of the recognition of related engineering losses due to reorganization filed for by Wintek and, secondly, because customized engineering services and products provided by the Group resulted in individualized net margin.						

Note 1 : Financial information in 2012~2014 has been audited by CPA.

Note 2 : Financial information for the period as of the quarter preceding the date of printing of the annual report was reviewed by CPA

Note 3 : 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

Note 4: 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.

Note 5: 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.

Note 6: 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.

Note 7: 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.

3.2 Financial Analysis-IFRS(Standalone Financial Statements)

Item (Note 2)		Year	Financial analysis in the past five years (Note 1)				
		2010	2011	2012	2013	2014	
Financial structure (%)	Ratio of liabilities to assets	Not applicable			35.96	32.65	33.50
	Ratio of long-term capital to property, plant and equipment				1,840.63	1,924.64	1,736.89
Solvency (%)	Current ratio				188.95	192.87	171.13
	Quick ratio				155.17	164.64	124.08
	Times interest earned ratio				12,374,759.47	13,645,906.57	2,597,623
Operating ability	Accounts receivable turnover (turns)				4.23	3.53	3.59
	Average collection period				86.28	103.39	101.67
	Inventory turnover (turns)				1.12	0.90	0.71
	Accounts payable turnover (turns)				3.32	2.78	3.13
	Average days in sales				325.89	405.55	514.08
	Property, plant and equipment turnover (turns)				22.90	19.67	18.59
	Total assets turnover (turns)				0.89	0.72	0.72
Profitability	Return on total assets (%)				16.81	10.69	2.31
	Return on stockholders' equity (%)				25.59	16.28	3.45
	Ratio of Pre-tax income to issued capital (%) (Note 6)				177.99	120.55	19.45
	Profit ratio (%)				18.68	14.65	3.21
	Earnings per share (\$)				15.09	10.11	2.06
Cash flow	Cash flow ratio (%)				57.26	26.74	(6.47)
	Cash flow adequacy ratio (%)				88.66	89.53	64.76
	Cash reinvestment ratio (%)				11.53	(4.35)	(19.48)
Leverage	Operating leverage			1.01	1.02	1.03	
	Financial leverage			1.00	1.00	1.00	
Key performance indicator	Unfinished construction (NT\$ thousands)			3,059,435	2,983,205	4,395,622	
	Revenue growth rate(%)			3.35	(14.53)	(7.21)	
	Net income growth rate(%)			(3.10)	(33.00)	(79.66)	

Item (Note 2)	Year	Financial analysis in the past five years (Note 1)				
		2010	2011	2012	2013	2014
	Analysis of financial ratio change in the last two years. (If the difference does not exceed 20%, the analysis is not required.)					
	1. The decrease in quick ratio was mainly due to the decrease in current assets by 16.67%.					
	2. The decrease in times interest earned ratio and ratio of Pre-tax income to issued capital was mainly due to the decrease in income before tax by 83.86%.					
	3. The decrease in inventory turnover and the increase in average days in sales were mainly due to the increase in average inventory amount by 22.11%.					
	4. The decrease in return on total assets, return on stockholders' equity, profit ratio and earnings per share was mainly due to the decrease in net income by 79.67%.					
	5. The decrease in cash flow ratio and cash flow adequacy ratio was mainly due to the fact that billings made towards the end of 2014 were still within the terms of payment and hence uncollected.					
	6. The decrease in cash reinvestment ratio was mainly due to the change of cash flow from operating activities from a net inflow to a net outflow in 2014.					
	7. The increase in revenue growth rate was mainly due to the more volume of orders received in 2014, which had a direct impact on revenue.					
	8. The increase in unfinished construction was mainly due to the increase of unfinished projects.					
	9. The overall combined net margin of projects for 2014 was slightly lower to accordingly impact the net operating margin, which dropped by 31.67%, mainly because customized engineering services and products provided by the Group resulted in individualized net margin.					

Note 1 : Financial information in 2012~2014 has been audited by CPA.

Note 2 : 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 = $365 / \text{Account receivable turnover}$

(3) Inventory turnover = $\text{Cost of goods sold} / \text{Average inventory amount}$

(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) Property, land and equipment turnover = $\text{Net sales} / \text{Net property, land and equipment}$

(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 = $(\text{Net income attributable to owners of the parent} - \text{preferred stock dividend}) / \text{Weighted average stock shares issued}$

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 = $(\text{Net cash flow from operating activity} - \text{Cash dividend}) / (\text{Property, land and equipment} + \text{Long term investment} + \text{Other assets} + \text{Working capital})$

6. Leverage

(1) Degree of operating leverage = $(\text{Net operating income} - \text{Variable operating cost and expense}) / \text{Operating income (note 5)}$

(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 = $(\text{This year's Net Income} - \text{Last year's Net Income}) / \text{Last year's Net Income}$

Note 3: 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.

Note 4: 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.

Note 5: 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.

Note 6: 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.

3.3 Financial Analysis-ROC GAAP(Consolidated Financial Statements)

Item (Note 2)		Year	Five-Year Financial Summary (Note1)				
			2010	2011	2012	2013	2014
Financial structure (%)	Ratio of liabilities to assets		61.22	62.68	60.79	Not applicable	
	Ratio of long-term capital to fixed assets		2,530.77	927.61	797.06		
Solvency (%)	Current ratio		162.64	154.42	160.15		
	Quick ratio		117.08	112.51	107.32		
	Times interest earned ratio		71,690.22	19,801.08	25,273.81		
Operating ability	Accounts receivable turnover (turns)		5.13	4.53	3.91		
	Average collection period		71.15	80.57	93.35		
	Inventory turnover (turns)		1.14	1.33	1.04		
	Accounts payable turnover (turns)		3.71	3.66	3.13		
	Average days in sales		320.17	274.43	350.96		
	Fixed assets turnover (turns)		84.80	49.87	27.95		
	Total assets turnover (turns)		1.66	1.48	1.25		
Profitability	Return on total assets (%)		19.42	9.76	10.50		
	Return on stockholders' equity (%)		50.18	25.58	27.31		
	Ratio to issued capital (%)	Operating income		219.30	166.36		212.79
		Pre-tax income		224.26	173.43		207.05
	Profit ratio (%)		11.61	6.55	8.34		
	Earnings per share (\$)		19.32	13.30	15.38		
Cash flow	Cash flow ratio (%)		35.56	8.19	17.66		
	Cash flow adequacy ratio (%)		85.83	63.54	79.15		
	Cash reinvestment ratio (%)		43.99	(3.30)	8.77		
Leverage	Operating leverage		1.00	1.01	1.01		
	Financial leverage		1.00	1.01	1.00		
Key Performance Indicator	Unfinished construction (NT\$ thousands)		4,667,488	5,359,901	6,574,929		
	Revenue growth rate(%)		35.79	36.59	(0.46)		
	Net income growth rate(%)		186.01	(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.							

Note 1 : Financial information in 2010~ 2012 has been audited by CPA. The Financial information in 2013 and 2014 was prepared in accordance with IFRS. Please refer to the tables above.

Note 2 : 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) = 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) Fixed assets turnover = Net sales / Net fixed assets
- (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 – 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) / (Fixed assets + 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

Note 3: 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.

Note 4: 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.

Note 5: 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.

3.4 Financial Analysis-ROC GAAP(Standalone Financial Statements)

Item (Note 2)		Year	Five-Year Financial Summary (Note1)				
		2010	2011	2012	2013	2014	
Financial structure (%)	Ratio of liabilities to assets	41.33	32.96	38.03	Not applicable		
	Ratio of long-term capital to fixed assets	4,017.09	1,533.42	1,660.04			
Solvency (%)	Current ratio	183.09	193.99	177.06			
	Quick ratio	141.00	160.81	145.99			
	Times interest earned ratio	135,727.78	158,865.75	125,710.55			
Operating ability	Accounts receivable turnover (turns)	5.28	4.18	3.76			
	Average collection period	69	87	97			
	Inventory turnover (turns)	1.15	1.35	1.01			
	Accounts payable turnover (turns)	4.02	3.91	2.94			
	Average days in sales	317	270	361			
	Fixed assets turnover (turns)	67.84	32.81	20.34			
	Total assets turnover (turns)	1.26	0.99	0.82			
Profitability	Return on total assets (%)	29.52	16.16	17.56			
	Return on stockholders' equity (%)	50.19	25.59	27.31			
	Ratio to issued capital (%)	Operating income	119.00	59.57		110.55	
		Pre-tax income	204.10	143.90		180.82	
	Profit ratio (%)	23.49	16.33	21.45			
	Earnings per share (\$)	19.32	13.30	15.38			
Cash flow	Cash flow ratio (%)	31.21	24.25	52.59			
	Cash flow adequacy ratio (%)	82.81	60.67	86.48			
	Cash reinvestment ratio (%)	12.01	(5.78)	11.91			
Leverage	Operating leverage	1.00	1.01	1.01			
	Financial leverage	1.00	1.00	1.00			
Key Performance Indicator	Unfinished construction (NT\$ thousands)	2,185,216	2,279,710	2,964,057			
	Revenue growth rate(%)	56.49	10.86	(3.48)			
	Net income growth rate(%)	186.02	(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.							

Note 1 : Financial information in 2010~ 2012 has been audited by CPA. The Financial information in 2013 and 2014 was prepared in accordance with IFRS. Please refer to the tables above.

Note 2 : 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) = 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) Fixed assets turnover = Net sales / Net fixed assets
- (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 – 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) / (Fixed assets + 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

Note 3: 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.

Note 4: 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.

Note 5: 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. Supervisors' Report in the Most Recent Year

Acter Co., Ltd. Supervisor's Review Report

This company's 2014 business report, financial statements, and earnings distribution proposal have been prepared and issued by the board of directors. Of these, the financial statement has been audited by Wu, Whe-Land CPA and Chang, Tzu-Hsin CPA of KPMG under commission to the board, and the auditor has issued an audit report giving an unqualified opinion. The foregoing business report, financial statements, and earnings distribution proposal have been reviewed by the supervisors, who have found them to comply with relevant requirements of the Company Act. The foregoing report has been prepared in accordance with Article 219 of the Company Act.

2015 shareholders meeting of Acter Co., Ltd.

Acter Co., Ltd.

Supervisor: Wu, Pi-Huei

Supervisor: Yeh, Hui-Sing

Supervisor: Winsite Co., Ltd.

Legal Representative : Shih, Tung

February 26, 2015

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

Please refer to page 166 ~ page 220 of this annual report.

6. 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

1. Financial Position

Unit: NT\$ thousand

Item \ Year	2013	2014	Difference	
			Amount	%
Current Assets	6,477,953	6,252,885	(225,068)	(3.47)
Non-Current Assets	527,329	633,015	105,686	20.04
Total Assets	7,005,282	6,885,900	(119,382)	(1.70)
Current Liabilities	3,892,753	4,024,960	132,207	3.40
Non-Current Liabilities	213,944	192,562	(21,382)	(9.99)
Total Liabilities	4,106,697	4,217,522	110,825	2.70
Capital stock	461,359	461,359	0	0
Capital surplus	896,599	936,951	40,352	4.50
Retained Earnings	1,499,592	1,129,996	(369,596)	(24.65)
Other Equity	41,035	55,867	14,832	36.14
Total Equity	2,898,585	2,668,378	(230,207)	(7.94)
<p>1. Analysis of changes in financial ratios:</p> <p>Retained Earnings decreased due to the decrease in Comprehensive income.</p> <p>Other equity increased due to exchange rate changes that increased cumulative translation adjustments.</p> <p>2. Future response actions: Not applicable.</p>				

2. Financial Performance

Unit: NT\$ thousand

Item \ Year	2013	2014	Difference	Percentage change(%)
Cost of Sales	7,617,107	6,959,257	(657,850)	(8.64)
Gross Profit	1,038,965	622,295	(416,670)	(40.10)
Operating Expenses	474,644	568,414	93,770	19.76
Operating Income	564,321	53,881	(510,440)	(90.45)
Non-operating Income and Gains	63,886	41,464	(22,422)	(35.10)
Non-operating Expenses and Losses	7,876	10,042	2,166	27.50
Income Before Tax	620,331	85,303	(535,028)	(86.25)
Tax Expense	153,940	(3,731)	(157,671)	(102.42)
Net Income	466,391	89,034	(377,357)	(80.91)
<p>1. Analysis of changes in financial ratios:</p>				

- (1) The overall combined net margin of projects for 2014 was slightly lower to accordingly impact the net operating margin, which dropped by 31.67%, mainly because customized engineering services and products provided by the Group resulted in individualized net margin.
- (2) The decrease in operating profit was mainly due to the decrease in gross profit margin by 31.67%.
- (3) The decrease in non-operating income and gains was mainly due to the recognition of equity-accounted gains, the decrease in exchange gains and the absence of impairment profit on financial assets in 2014.
- (4) The increase in non-operating expenses and losses was mainly due to the deduction of payment by the client for violation of labor safety requirements during this current term led to increased losses.
- (5) The decrease in tax expense was mainly due to the decrease in income before tax by 86.25%.
- (6) The decrease in income before tax and net income was mainly due to the lower gross profit of projects undertaken in 2013, which resulted in a 31.67% reduction in gross profit margin.
2. Expected sales volume and basis for estimates :
- Please refer to page 5 “2.2.2 Expected sales volume and basis for estimates” of this annual report.

3. Cash Flow

3.1 Cash Flow Analysis for the Current Year(2014)

Item	Year	2013	2014	Variance %
Cash Flow Ratio (%)		(4.73)	4.57	196.62
Cash Flow Adequacy Ratio (%)		54.62	49.01	(10.27)
Cash Reinvestment Ratio (%)		(20.67)	(9.48)	54.14

Analysis of financial ratio change:

- The increase in cash flow ratio was mainly due to the fact that billings made towards the end of 2014 were collected within the terms of payment.
- The increase in cash reinvestment ratio was mainly due to the change of cash flow from operating activities from a net outflow to a net inflow in 2014.

3.2 Remedy for Cash Deficit and Liquidity Analysis

None.

3.3 Cash Flow Analysis for the Coming Year(2015)

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
1,141,445	245,463	31,768	1,418,676	None	None

Analysis of change in cash flow for the coming year:

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

4. Major Capital Expenditure Items

None.

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

5.1 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 already has subsidiaries in Suzhou, Shenzhen and Shanghai, and will be expanding its presence to Chengdu, Xiamen, Tianjin etc. Each new 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 and 2013. 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 subsidiaries that the company has established in recent years:

5.1.1 SCEC (SUZHOU) CORP.

The company's subsidiary - Sheng Huei (Suzhou) Engineering Co., Ltd. joined Sumitomo Chemical Engineering Singapore Pte. Ltd. (a subsidiary of Sumitomo Chemical Engineering Co., Ltd., Japan) in the establishment of a joint venture called SCEC (Suzhou) Corporation, which attained status as a grade 3 contractor in the same year. The company had a 57.81% indirect shareholding interest in Sheng Huei (Suzhou) Engineering Co., Ltd.

5.1.2 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.

5.1.3 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.

5.1.4 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.

5.1.5 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.

5.2 Main Causes for Profits or Losses and Improvement Plans

5.2.1 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.

5.2.2 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.

5.3 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.

6. Analysis of Risk Management

6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate and its subsidiaries Finance, and Future Response Measures

6.1.1 Interest Rates

6.1.1.1 Effects of Changes in Interest Rates on Corporate and its subsidiaries Finance

The interest income or interest expenses to net operating revenues were below 0.14% in 2014 and the 1st quarter of 2015. The effect of interest rate movements on net income was limited.

Unit : NT\$ thousand

Item \ Year	2014	The 1 st Quarter of 2015
Interest Income(1)	10,538	1,561
Interest Expenses(2)	3,500	502
Net Operating Revenue(3)	7,581,551	1,354,283
Ratio of Interest Income to Net Operating Revenue (1)/(3)	0.14%	0.12%
Ratio of Interest Expenses to Net Operating Revenue (2)/(3)	0.05%	0.04%

6.1.1.2 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.

6.1.2 Foreign exchange rates

6.1.2.1 Effects of Changes in Foreign Exchange Rates on Corporate and its subsidiaries Finance

The company and its subsidiaries 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 NTD5,958,000 in exchange gains (losses) in 2014 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 subsidiaries' revenues and profitability.

Unit : NT\$ thousand

Item \ Year	2014	The 1 st Quarter of 2015
Income/Loss from Foreign Exchange	5,958	(4,085)

Item \ Year	2014	The 1 st Quarter of 2015
Transactions		
Net Operating Revenue	7,581,551	1,354,283
Ratio of Income/Loss from Foreign Exchange Transactions to Net Operating Revenue(%)	0.0786	(0.3016)
Operating Income	53,881	70,758
Ratio of Income/Loss from Foreign Exchange Transactions to Operating Income (%)	11.0577	(5.7732)

6.1.2.2 Future Response Measures

Although exchange rate fluctuations have little effect on the company and its subsidiaries' 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.

6.1.3 Inflation

6.1.3.1 Effects of Changes in Inflation on Corporate and its subsidiaries 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.

6.1.3.2 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.

6.2 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

6.2.1 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.

6.2.2 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."

6.2.3 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."

6.2.4 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."

6.3 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 subsidiaries 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 :

- 6.3.1 Patent development: as at the end of 2014, 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.
- 6.3.2 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 joined with Tunghai University in 2014 to open an Acter Elite Course as well as allying with Feng Chia University.
- 6.3.3 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.
- 6.3.4 Biotech research: as the world's population ages and the domestic government devotes a

sizable chunk of resources into biotech R&D, the biotech industry appears to have a great deal going for it, but is also faced with the pressure of an industry-wide upgrade. To meet this trend, the company will shift its R&D focus towards studying biotech producers' needs and ways of helping them grow.

- 6.3.5 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.

6.3.6 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	We are continually applying for related patents	10,000	Dec. 2015	Construction techniques are optimized.	<ul style="list-style-type: none"> • Personnel participate in research • Encouragement and support from management
Stripper waste regeneration	Prototype and local optimization test stage	1,200	Apr. 2015	While the thin-film transistor array of a flat panel display is being manufactured, it is necessary to use the stripper to remove resist on the surface of the organic electro-luminescence display panel. The stripper waste that was originally treated as waste is now recycled and reutilized to reduce the volume of new stripper used and to minimize the treatment load for the waste water system, exercising the energy-saving and emission reduction effect. The main ingredient of the resist stripper is an organic compound that has a high boiling point and is dissolved almost completely in water. The main ingredients are BDG and MEA or DMSO and MEA. A solvent stripper is known for its strength of being easy to recycle; it helps cut down the waste volume and bring down cost. As panels become more and more diversified and in light of the yield rate requirement, strippers used in removing resist in AMOLED or LTPS are mainly water-soluble and consist of mainly BDG and MEA and DI. Therefore, we have currently developed a new stripper recycling and mixture system.	<ul style="list-style-type: none"> • Personnel participate in research • Encouragement and support from management
Silicon wafer self-rotating and oscillating mechanism	Currently at the prototype production and test stage	4,000	Dec. 2015	Packaging of 22- μ m semiconductor products is currently a leading technology in the world. It was introduced to Taiwan in the past few years to accordingly result in increased demand for the manufacturing technique. In order to enhance the etching precision of the manufacturing technique, corresponding devices that can help enhance the etching precision and their precise instructions for use have been developed. Current etching precision limits under control are surpassed (the method to exercise an impact by changing the fluid mechanics in the reaction zone through temperature control in the pipe system has already reached its limits). It is expected that the manufacturing cost and performance indicator of the device have to be higher than the impacts on the manufacturing technique accomplished by the fluid mechanics in the pipe system.	<ul style="list-style-type: none"> • Personnel participate in research • Encouragement and support from management
Electronic HF heating and	Currently at the prototype	6,000	Dec. 2015	Packaging of 22- μ m semiconductor products is currently a leading technology in the world. It was introduced to Taiwan in the past few years to accordingly result in increased demand for the	<ul style="list-style-type: none"> • Personnel participate in research

Research projects	Current Progress	Expected research expenditure in the future	Completion Date	Project Description	Major factors that will impact future success
cooling system	production and test stage			manufacturing technique. In order to enhance the etching precision of the manufacturing technique, corresponding devices that can help enhance the etching precision and their precise instructions for use have been developed. Enhancing the etching precision by controlling the temperature is the most important and irreplaceable means. The current technical indicator bottleneck for the too slow reaction speed upon heating and cooling has to be overcome. It is expected that by combining the two elements for heating and cooling in one, the device will occupy less space and will not be affected by factors such as gravity to accordingly possess certain differential competitive advantages.	<ul style="list-style-type: none"> Encouragement and support from management
Regeneration and reutilization of fluoride-based waste fluids in the electronics industry	Currently at the prototype production and test stage	2,000	May. 2015	In light of the fact that chemicals such as hydrofluoric acid are used in large quantities in the electronics industry, these chemicals can be categorized and separated by the industry. Fluoride-based waste fluids can then be made into related fluoride products following the principles of high resource value, high utilization rate, and minimal secondary pollution to reduce the impacts of fluoride-based waste fluids on the environment and increase their use benefits. To address this issue, people have been searching for a more ideal technical solution.	<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	210	Dec. 2015	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
GMP Forum	Expected to be held in 2015	500	2015	<ol style="list-style-type: none"> How the academic pharmaceutical field selects service providers to execute GEP/GMP effectiveness verification operations. Engage in technical exchange with ISPE and PITDC personnel. Officials from China's SFDA visit Acter. We have formed a strategic alliance with DDC Consultants, which is an international firm of consultants based in the United States, and anticipate that our global visibility will increase significantly, thereby promoting Acter's engineering knowhow, corporate image, and product value on a global scale in order to achieve effective marketing results. 	<ul style="list-style-type: none"> Technical exchange with foreign counterparts as well as incorporation of foreign technologies Establishment of industry-government-academia cooperation models Establishment of a global image

6.4 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.

6.5 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.

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

The company has 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.

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

The Company has no ongoing merger and acquisition activities.

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

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

6.9 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.

6.10 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.

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

There was 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.

6.12 Litigious or Non-litigious Matters

6.12.1 Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

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

- (1) 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: Ongoing.

- (2) 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:

1. Wintek Taiwan: Approval of Wintek reorganization is pending at Taiwan Taichung District Court.
 2. Wintek subsidiary in Vietnam: The arbitral award has already been submitted to the Vietnam International Arbitration Center.
 3. Wintek subsidiary in China: Ongoing.
- (3) Project payment lawsuit against Jing He Science Co., Ltd. (JHS) N2O & CO2 Gas Plant:
Cause of lawsuit: The Company's subsidiary Nova Technology Corp. (Nova) undertook the JHS N2O & CO2 Gas Plant project on October 26, 2012. JHS unilaterally terminated the contract because of the delay in construction claimed to be attributable to the Company in July 2013. Nova accordingly filed a lawsuit with Taoyuan District Court on October 29, 2013 to request payment pro rata as of termination of the contract for the project plus payment for additional works totaling NT\$122,090,708.
Status of lawsuit: In February 2015, the court ordered Taiwan Construction Development Society to verify the construction project. The court proceedings are ongoing.

6.13 Other Major Risks

None.

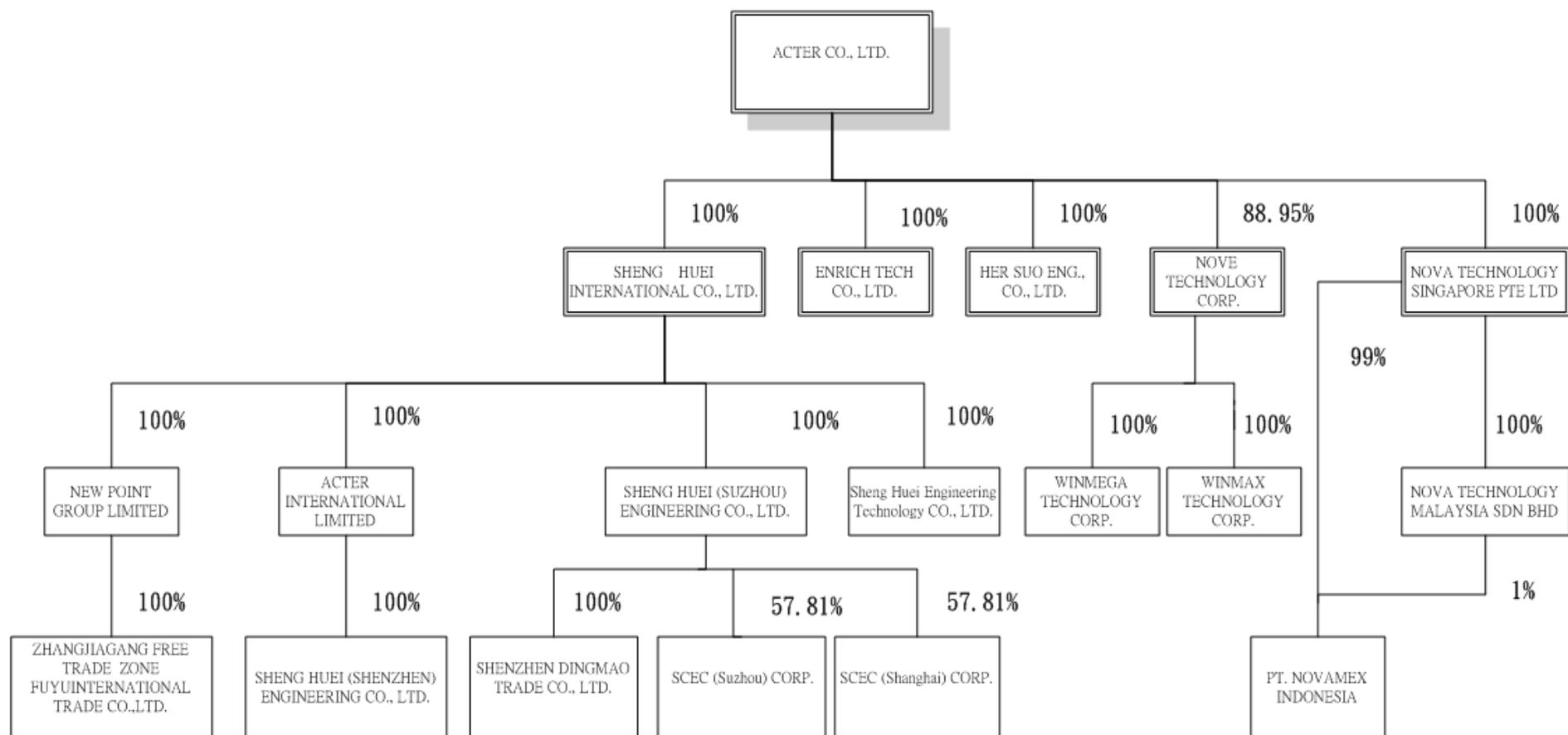
7. Other Important Matter

None

VIII. Special Disclosure

1. Summary of Affiliated Companies

1.1 Organizational chart of the affiliates(Dec. 31, 2014)



1.2 Basic Information on Affiliates

Dec. 31, 2014

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\$89,000	Frozen and air-conditioning engineering, retail sale of household appliance, electric appliance construction, etc.
ENRICH TECH CO., LTD.	1996.05.20	Taichung, Taiwan	NT\$22,500	Comprehensive construction company
NOVA TECHNOLOGY CORP.	1997.06.13	Hsinchu County, Taiwan	NT\$172,000	Electronics equipments, wholesale equipments, as well as wholesale chemical and mechanical equipments, etc.
NOVA TECHNOLOGY SINGAPORE PTE., LTD.	1999.11.10	Singapore	NT\$64,381 (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)	Automated semiconductor supply system services
PT. NOVA MEX INDONESIA	2013.6.24	Indonesia	NT\$13,619	Trading of large-scale machinery, equipments, as well as other materials and resources

Name of Affiliate	Date of Incorporation	Place of Registration	Paid-in Capital (in thousands)	Business Activities
			(USD500)	
ZHANGJIAGANG FREE TRADE ZONE FUYU INTERNATIONAL TRADE CO.,LTD. TRADE CO., LTD.	2008.06.04	Jiangsu, China	NT\$6,110 (USD200)	Import and export businesses, electronics products, electromechanical equipments, transshipment trading of mainly construction materials, trade 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\$31,768 (RMB6,573)	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

1.3 Directors, Supervisors, Presidents of Affiliates

Dec. 31, 2014 ; Unit : Shares ; %

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
HER SUO ENGINEERING CO., LTD.	Chairman	ACTER CO., LTD.(Representative : Liang, Chin-Li)	8,900,000	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		
SHENG HUEI INTERNATIONAL CO., LTD.	Chairman	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 : Chang, Feng-Ho)	Note 1	100%
	Director	SHENG HUEI INTERNATIONAL (Representative : Ma, Wei)		
	Director	SHENG HUEI INTERNATIONAL (Representative : Liang, Chin-Li)		
	Supervisor	SHENG HUEI INTERNATIONAL (Representative : Hsu, Chung-Cheng)		
	President	Chen, Chih-Hao		
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 : Chang, Feng-Ho)		
	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		

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
SHENG HUEI (SHENZHEN) ENGINEERING CO., LTD.	Chairman	ACTER INTERNATIONAL LIMITED (Representative : Chen, Chih-Hao)	Note1	100%
	Director	ACTER INTERNATIONAL LIMITED (Representative : Hsu, Chung-Cheng)		
	Director	ACTER INTERNATIONAL LIMITED (Representative : Liang, Chin-Li)		
	Supervisor	ACTER INTERNATIONAL LIMITED (Representative : Chang, Feng-Ho)		
	President	Chen, Chih-Hao		
ACTER INTERNATIONAL LIMITED	Chairman	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	Chairman	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 : Chang, Feng-Ho)		
	Supervisor	NEW POINT GROUP LIMITED (Representative : Chang, Ching-Chuan)		
NOVA TECHNOLOGY CORP.	Chairman	Liang, Chin-Li	15,381,000	89.42%
	Director	Hsu, Chung-Cheng		
	Director	Ma, Wei		
	Director	Wu, Chien-Nan		
	Supervisor	ACTER CO., LTD. (Representative : Yang, Jung-Tang)		
	Supervisor	ACTER CO., LTD. (Representative : Sung, Ping-Chung)		
	President	Hsu, Chung-Cheng		
	Director	SOLAR APPLIED MATERIALS TECHNOLOGY CORPORATION (Representative : Chen, Lee-Ho)	1,700,000	9.88%

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 : Chang, Feng-Ho)		
	Director	NOVA TECHNOLOGY CORP. (Representative : Ma, Wei)		
	Supervisor	NOVA TECHNOLOGY CORP. (Representative : Liang, Chin-Li)		
	President	Ma, Wei		
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%
	Supervisor	None		
	President	Tseng, Wen-Jan		
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 : Chang, Feng-Ho)		
	Supervisor	Ma, Wei		
	President	Hsu, Chung-Cheng		
	Director	SCEC INTERNATIONAL (HK) COMPANY LIMITED (Representative : Tsutomu Konaka)		
	Director	SCEC INTERNATIONAL (HK) COMPANY LIMITED		

Company Name	Title	Name or Representative	Shareholding	
			Shares	Percentage
		(Representative : Akira Tasaka)		
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 : Chang, Feng-Ho)		
	Supervisor	Yutaro Mizumachi		
	President	Hsu, Chung-Cheng		
	Director	SCEC INTERNATIONAL (HK) COMPANY LIMITED (Representative : Tsutomu Konaka)		
	Director	SCEC INTERNATIONAL (HK) COMPANY LIMITED (Representative : Akira Tasaka)		42.19%
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)	2,250,000	100%
	Director	ACTER CO., LTD. (Representative : Hsu, Chung-Cheng)		
	Director	ACTER CO., LTD. (Representative : Chuang, Cheng-Ting)		
	Supervisor	ACTER CO., LTD. (Representative : Chang, Ching-Chuan)		
WINMEGA TECHNOLOGY CORP.	Chairman	NOVA TECHNOLOGY CORP. (Representative : Liang, Chin-Li)	1,500,000	100%
	Director	NOVA TECHNOLOGY CORP. (Representative : Hsu, Chung-Cheng)		
	Director	NOVA TECHNOLOGY CORP. (Representative : Wu, Chien-Nan)		
	Supervisor	NOVA TECHNOLOGY CORP. (Representative : Yang, Wei-Chao)		
	President	Wu, Jian-Nan		

Note 1 : The company is a limited company and doesn't issue shares.

1.4 Operation Status of Affiliates

Dec. 31, 2014 : 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.	89,000	422,561	268,867	153,694	788,416	49,399	41,572	4.67
ENRICH TECH CO., LTD	22,500	27,938	15,929	12,009	4,129	(3,179)	(3,170)	(1.41)
NOVA TECHNOLOGY CORP.	172,000	1,118,676	519,889	598,787	1,075,490	48,237	57,743	3.36
WINMEGA TECHNOLOGY CORP.	15,000	17,364	2,078	15,286	5,419	104	286	0.19
WINMAX TECHNOLOGY CORP.	151,426	1,619,101	1,308,653	310,448	572,620	30,633	29,250	Note 1
NOVA TECHNOLOGY SINGAPORE PTE., LTD.	64,381	116,142	75,532	40,610	121,506	(864)	5,611	Note 1
NOVA TECHNOLOGY MALAYSIA SDN BHD.	9,722	5,472	4,453	1,019	1,063	(5,008)	(4,800)	Note 1
PT. NOVAMEX INDONESIA	13,619	68,387	45,097	23,290	106,075	11,310	9,063	Note 1
SHENG HUEI INTERNATIONAL CO., LTD.	129,126	941,147	12,078	929,069	0	(52)	(226,716)	Note 1
SHENG HUEI (SUZHOU) ENGINEERING CO., LTD.	252,821	1,041,375	473,179	568,196	1,164,856	(99,603)	(91,054)	Note 1
SHENZHEN DINGMAO TRADE CO.,LTD	2,338	8,030	3,701	4,329	3,744	771	591	Note 1
SHENG HUEI ENGINEERING TECHNOLOGY CO., LTD.	15,212	38,095	50,173	(12,078)	34,626	(41,520)	(33,538)	Note 1
ACTER INTERNATIONAL LIMITED	15,980	236,497	12,149	224,348	0	(52)	(11,114)	Note 1
SHENG HUEI (SHENZHEN) ENGINEERING CO., LTD.	172,877	383,867	149,034	234,833	364,868	(12,602)	(11,103)	Note 1
NEW POINT GROUP LIMITED	6,110	256,342	185,733	70,609	108,030	(117,949)	(93,735)	Note 1
SCEC (SUZHOU) CORP.	31,768	51,009	20,359	30,650	35,640	(19,637)	(14,713)	Note 1
SCEC(SHANGHAI) CORP.	69,498	31,682	1,839	29,843	983	(6,104)	(5,335)	Note 1
ZHANGJIAGANG FREE TRADE ZONE FUYU INTERNATIONAL TRADE CO.,LTD. TRADE CO., LTD.	6,110	225,848	77,890	147,958	499,031	25,846	25,374	Note 1

Note 1: The company is a limited company, so it's not applicable.

2. Private Placement Securities in the Most Recent Years

None.

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

None.

4. other matters that require additional description

None.

IX. Any situations listed in Article 36, paragraph 2, 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, 2014, under the Criteria Governing the Presentation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 27 endorsed by the Financial Supervisory Commissions R.O.C. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acter Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Acter Co., Ltd.

MR. Liang, Chairman

February 26, 2015

Independent Auditors' Report

The Board of Directors
Acter Co., Ltd.:

We have audited the accompanying consolidated statements of financial position of Acter Co., Ltd. (the "Company") and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred in the first paragraph present fairly, in all material respects, the consolidated financial position of Acter Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations as well as SIC Interpretations endorsed by the Financial Supervisory Commission of the Republic of China with its effective dates.

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

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

Note to Readers

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

The auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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

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

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years ended December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years ended December 31, 2014 and 2013
(All Amount Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

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

1. Organization and business scope

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

2. Approval date and procedures of the consolidated financial Statements

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

3. New standards and interpretations not yet adopted

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

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

<u>New standards and amendments</u>	<u>Effective date per IASB</u>
• 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> ”	January1, 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.

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

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

New standards and amendments	Effective date per IASB
• IFRS 9 “Financial Instruments”	July 1, 2018
• Amended IFRS 10 and IAS 28 “ <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ”	January 1, 2016
• 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, 2017
• Amended IAS 1 “ <i>Disclosure Initiative</i> ”	January 1, 2016
• 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
• Amended IFRIC 21 “ <i>Levies</i> ”	January 1, 2014

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

4. Summary of Significant accounting policies

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

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

- a. Financial instruments measured at fair value through profit or loss are measured at fair value;
- b. Available-for-sale financial assets are measured at fair value;
- c. The defined benefit asset is recognized as plan assets, plus, unrecognized past service cost, less, the present value of the defined obligation.

B. Functional and presentation currency

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

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised the Company and its subsidiaries.

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

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

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

B. List of subsidiaries in the consolidated financial statements

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

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

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

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

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

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

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

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

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

C. Subsidiaries excluded from consolidation: None.

(4) Foreign currency

A. Foreign currency transaction

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

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

B. Foreign operations

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

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 or 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:
 - A. It holds the asset primarily for the purpose of trading;
 - B. It expects to realize the asset within twelve months after the reporting period; or
 - C. The asset is cash and cash equivalent unless, the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

2. An entity shall classify a liability as current when:
 - A. It holds the liability primarily for the purpose of trading;
 - B. The liability is due to be settled within twelve months after the reporting period ; or
 - C. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

A. Financial assets

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

a. Financial assets at fair value through profit or loss

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

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

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

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

b. Available-for-sale financial assets

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

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

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

c. Receivables

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

d. Impairment of financial assets

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

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

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

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

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

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

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

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

e. Derecognition of financial assets

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

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

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

B. Financial liabilities and equity instruments

a. Classification of debt or equity

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

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

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

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

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

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

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

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

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

b. Financial liabilities at fair value through profit or loss

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

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

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis;
- ii. Performance of the financial liabilities is evaluated on a fair value basis;
- iii. Hybrid instrument contains one or more embedded derivatives.

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

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

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

c. Other financial liabilities

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

d. Derecognition of financial liabilities

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

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

e. Offsetting of financial assets and liabilities

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

C. Derivative financial instruments, including hedge accounting

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

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

(8) Inventories

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

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

(9) Construction Contracts

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

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

(10) Investment in associates

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

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

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

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

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

(11) Investment property

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

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

(12) Property, plant and equipment

A. Recognition and measurement

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

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

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

B. Subsequent cost

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

C. Depreciation

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

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

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

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

- a. Buildings: 20~49 years
- b. Other facilities: 3~12 years
- c. The significant portion of plant and building consists of its main building and miscellaneous parts, which are estimated over their useful life within 10~49 years.
- d. The significant portion of other facilities consists of transportation vehicles and others, which are estimated over their useful life within 2~9 years.

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

(13) Intangible assets

A. Other Intangible Assets

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

B. Subsequent Expenditure

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

C. Amortization

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

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

Computer software cost 1~10 years

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

(14) Impairment – Non-derivative financial assets

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

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

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

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

(15) Provisions

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

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

(16) Revenue

A. Goods sold

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

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

B. Construction contracts

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

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

(17) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

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

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

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

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

C. Short-term employee benefits

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

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

(18) Income Taxes

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

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

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

- A. Initial recognition of assets and liabilities in non business combination transactions. Such transactions do not influence the accounting income and taxable income (loss).
- B. Temporary differences arising from investment in subsidiaries and joint ventures, and reversal of them is not expected in the probable foreseeable future.
- C. Initial recognition of goodwill.

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

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

- A. A legal enforcement exists to offset current income tax asset and liability; and
- B. Deferred tax asset and liability relates to taxpayers as the following, whose tax is levied by the same taxing authority:
 - i. Taxpayer remains the same; or
 - ii. Taxpayer differs, yet each taxpayer intends to settle the current tax liability and asset on a netting basis or have the asset realized and settle the liability simultaneously, in the future with a significant amount of recoverable deferred tax asset and settlement of deferred tax liability.

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

(19) Business combination

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

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

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

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

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

(20) Earnings per share

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

(21) Operating segments

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

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

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

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

6. Significant account disclosure

(1) Cash and cash equivalents

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

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

(2) Investment in financial assets

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

- A. The aforesaid financial assets were not pledged.
- B. The credit risk, currency risk and interest risk related to the financial instruments was disclosed in note 6 (17).
- C. The original name of Xantia Corporation Co., Ltd. is Sunner Solar Corporation Co., Ltd. It is renamed due to business combination with other corporation and its own segment restructure on July 5, 2013.

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

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

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

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

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

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

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

(4) Construction contracts

A. Construction revenue and loss

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

	2014	2013
Construction revenue recognized in the periods	<u>\$ 6,459,282</u>	<u>7,314,703</u>

B. Construction-in-progress

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

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

(5) Inventories

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

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

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

(6) Investment in equity-accounted investees

	December 31, 2014	December 31, 2013
Carrying amount of the investment in associates	<u>\$ 1,407</u>	<u>6,497</u>

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

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

- (1) SCEC Shanghai was included in the consolidated financial statement since Sheng Huei Suzhou had increased capital in SCEC Shanghai in January, 2014, and the shareholding of SCEC Shanghai is increased to 57.81%.
- (2) The Group acquired 40% shares in Global OneSource Life Sciences Company Ltd. amounting to HKD 400 in September, 2014. The investment is accounted for under equity method.
- (3) Summary of financial information for the investments in associates, which is not adjusted for the Group's shareholding, were as follows:

	December 31, 2014	December 31, 2013
Total assets	\$ 3,520	43,187
Total liabilities	-	29,071
	\$ 3,520	14,116
	2014	2013
Revenues	\$ -	37,166
Profit (loss) for the period	\$ (546)	494

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

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

(7) Acquisition of subsidiaries

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

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

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

B. Identifiable assets acquired and liabilities assumed through business combination

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

	<u>SCEC(shanghai)</u>	<u>Enrich Tech</u>	<u>Total</u>
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>\$ -</u>	<u>(26,724)</u>	<u>(26,724)</u>

C. Acquisition of non-controlling interests

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

(8) Property, plant and equipment

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

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

(9) Investment Property

	<u>Land and improvement</u>	<u>Building and construction</u>	<u>Facilities</u>	<u>Total</u>
Cost:				
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>
Balance on January 1, 2013	\$ 20,937	12,561	86	33,584
Balance on December 31, 2013	<u>\$ 20,937</u>	<u>12,561</u>	<u>86</u>	<u>33,584</u>
Depreciation:				
Balance on January 1, 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>

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

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

<u>Term</u>	<u>Amount</u>
2015.01.01~2015.10.31	\$ <u>678</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.

(10) Provisions

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

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

(11) Short-term loans

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

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

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

(12) Employee benefits

A. Defined benefit plans

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

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

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

(a) Composition of plan assets

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

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

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

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

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

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

(d) The expenses recognized in profit or loss

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

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

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

(f) Actuarial assumptions

i. For actuaries for present value of defined benefit obligations

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

ii. For actuaries for cost of defined benefit plan

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

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

(g) Experience adjustments based on historical information

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

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

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

B. Defined contribution plans

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

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

(13) Capital and other equity

A. Issuance of common stock

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

B. Capital surplus

The components of the capital surplus were as follows:

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

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

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

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

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

C. Legal reserve

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

D. Special reserve

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

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

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

E. Retained earnings and earnings distribution

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

	<u>2014</u>	<u>2013</u>
Attributable to the Company	\$ (1,299)	759
Attributable to subsidiaries	<u>(1,769)</u>	<u>(1,729)</u>
	<u>\$ (3,068)</u>	<u>(970)</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.

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

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

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

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

F. Other equity interest

	Foreign currency translation differences for foreign operations	Investment in available-for-sale financial assets	Total
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>55,867</u>
Balance, January 1, 2013	\$ (27,235)	4,608	(22,627)
Foreign currency translation differences (net of tax):			
The Group	54,825	-	54,825
Unrealized gains(losses) on available-for-sale financial assets:			
The Group	-	8,837	8,837
Balance, December 31, 2013	<u>\$ 27,590</u>	<u>13,445</u>	<u>41,035</u>

(14) Non-operating income and expenses

a. Other revenue

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

b. Other income and losses

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

(15) Taxes

A. Income tax expense

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

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

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

	<u>2014</u>	<u>2013</u>
Foreign currency translation differences – foreign operations	<u><u>\$ 6,331</u></u>	<u><u>11,229</u></u>

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

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

B. Deferred tax asset and liability

(a) Unrecognized deferred tax asset

Deferred tax assets have not been recognized in respect of the following items:

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

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

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

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

(b) Recognized deferred tax asset and liabilities

Deferred tax asset:

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

Deferred tax liability:

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

C. Income tax examination and approval

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

D. Integrated income tax information

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

	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Unappropriated earnings in 1998 and after	<u>\$ 759,135</u>	<u>1,175,370</u>
Balance of the Imputation Credit Account	<u>\$ 149,670</u>	<u>147,789</u>
	<u>2014(Estimated)</u>	<u>2013(Actual)</u>
Creditable ratio for distributed to domestic shareholders of earnings	<u>19.72%</u>	<u>17.02%</u>

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

(16) Earnings per share ("EPS")

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

(17) Financial Instruments

A. Categories of financial instruments

Financial assets

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

Financial liabilities

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

B. Credit risk

(a) Exposure to credit risk

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

(b) Concentration of credit risk

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

C. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</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)	2,277,991	2,277,991	2,166,510	92,748	18,733	-
	<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>
December 31, 2013						
Non-derivative financial liabilities						
Secured bank loans	\$ 106,857	108,151	108,151	-	-	-
Unsecured bank loans	180,975	182,041	182,041	-	-	-
Notes payable	155,881	155,881	155,881	-	-	-
Accounts payable (including related parties)	2,227,938	2,227,938	2,137,274	77,694	12,970	-
	<u>\$ 2,671,651</u>	<u>2,674,011</u>	<u>2,583,347</u>	<u>77,694</u>	<u>12,970</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.

D. Currency risk

(A) Exposure to currency risk

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

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

(B) Sensitivity analysis

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

E. Interest rate analysis

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

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

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

F. Fair value of financial instruments

(A) Fair value and carrying amount

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

(B) Fair value hierarchy

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

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

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

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

(18) Financial risk management

A. Overview

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

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

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

B. Risk management framework

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

C. Credit risk

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

a. Accounts receivable

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

b. Investment

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

c. Guarantee

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

D. Liquidity risk

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

E. Market risk

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

a. Currency risk

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

b. Interest rate risk

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

(19) Capital management

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

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

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

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

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

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

7. **Related party transactions**

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(2) Key management personnel compensation

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

(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:

	<u>Sales</u>		<u>Receivables from Related Parties</u>	
	<u>2014</u>	<u>2013</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
Associates	<u>\$ -</u>	<u>5,601</u>	<u>-</u>	<u>5,937</u>

(b) Construction contracts receivable (payable)

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

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

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:

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

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

C. Rental revenue

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

D. Others

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

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

8. **Pledged assets**

The Group's pledged assets were as follows:

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

9. **Significant commitments and contingencies**

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

- (1) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to \$474,758 and \$434,273, respectively.
- (2) Bank pledges for engaging in construction contracts amounted to \$548,497 and \$296,585, respectively.
- (3) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for other companies in the same industry amounted to \$1,601,901 and \$977,769, respectively.
- (4) Outstanding letters of credit were \$12,325 and \$5,720, respectively.

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

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

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

11. **Subsequent events:**

The Company's annual shareholders' meeting approved the issuance of restricted stock to employees, with a total shares amounting to 1,200,000, and issued by batch. The first batch amounting to 480,000 shares has been issued and its total value amounted to \$4,800 at December 31, 2014, with a par value \$10, 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.

12. **Other**

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

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

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

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

13. Segment information

(1) Segment information

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

2014	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 4,605,132	2,619,819	356,601	-	7,581,552
Intersegment revenues	222,155	21,925	14,698	(258,778)	-
Interest revenue	6,211	5,446	1,528	(2,647)	10,538
Total revenue	<u>\$ 4,833,498</u>	<u>2,647,190</u>	<u>372,827</u>	<u>(261,425)</u>	<u>7,592,090</u>
Interest expense	(45)	(4,006)	(2,097)	2,648	(3,500)
Depreciation and amortization	(10,793)	(19,068)	(2,754)	-	(32,615)
Share of gain (loss) of associates accounted for using equity method	(98,086)	(10,999)	(211,125)	319,992	(218)
Reportable segment profit or loss	289,129	(55,991)	(144,104)	-	89,034
Asset:					
Investment accounted for using equity method	2,004,705	29,048	1,271,666	(3,304,012)	1,407
Capital expenditures of noncurrent assets	5,761	12,625	3,732	-	22,118
Reportable segment asset	5,472,685	3,360,909	1,662,086	(3,609,780)	6,885,900
Reportable segment liability	2,108,737	2,034,654	385,220	(311,089)	4,217,522
2013	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 4,420,767	4,052,358	182,947	-	8,656,072
Intersegment revenues	167,911	81,933	50	(249,894)	-
Interest revenue	5,803	3,187	919	(1,362)	8,547
Total revenue	<u>\$ 4,594,481</u>	<u>4,137,478</u>	<u>183,916</u>	<u>(251,256)</u>	<u>8,664,619</u>
Interest expense	(464)	(6,125)	(728)	1,362	(5,955)
Depreciation and amortization	(9,939)	(13,721)	(1,337)	-	(24,997)
Share of gain (loss) of associates accounted for using equity method	257,961	(1,720)	100,094	(352,132)	4,203
Reportable segment profit or loss	341,402	127,069	(2,080)	-	466,391
Asset:					
Investment accounted for using equity method	1,974,175	23,612	1,414,977	(3,406,267)	6,497
Capital expenditures of noncurrent assets	2,819	12,156	2,583	-	17,558
Reportable segment asset	5,390,739	3,451,674	1,789,899	(3,627,030)	7,005,282
Reportable segment liability	1,944,114	2,168,524	214,831	(220,772)	4,106,697

(2) Overall information

A. Information about the products and services

Revenue from external customers was as follows:

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

B. Geographical information

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

i. Revenue from external customers:

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

ii. Non-current assets:

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

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

Acter Co., Ltd.

Chairman : Chin-Li Liang

Printed on March 31, 2015