Stock Code：6196

Taiwan Stock Exchange Market Observation Post System：
http://mops.twse.com.tw
MIC annual report is available at：
http://www.micb2b.com

Marketech International Corp.

2014 Annual Report

Printed on April 30, 2015

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 and Chinese versions,the Chinese version shall prevail.

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Email：mic@micb2b.com	Email：mic@micb2b.com

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Corporate Headquarter：6F, No.3-2, Yuancyu St., Nangang Dist., Taipei City 11503, Taiwan, R.O.C.
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Tainan Science Park Branch：No.6, Dali 2nd Rd., Tainan Science-Based Industrial Park, Tainan City 74144, Taiwan, R.O.C.
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Tel：+886-6-5819803
Tainan Science Factory：No.6, Dali 2nd Rd., Tainan Science-Based Industrial Park, Tainan City 74144, Taiwan, R.O.C.
Tel：+886-06-5055666

3. **Stock Transfer Agent：**

Company：KGI Securities Co., Ltd., Stock Administration Department
Address：4F., No.2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan , R.O.C.
Website：www.kgieworld.com.tw
Tel：+886-2-23892999

4. **Auditors：**

Auditors：Lin, Chun-Yao & Chang, Shu-Chiung
Accounting Firm：PricewaterhouseCoopers Taiwan
Address：27F,Taiwan No.333., Sec. 1, Keelung Rd, Taipe Cityi, Taiwan 11012, R.O.C.
Website：www.pwc.tw
Tel：+886-2-2729-6666

5. **Overseas Securities Exchange：None.**

6. **Corporate Website：www.micb2b.com**

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I. Letter to Shareholders

1. Preface

Dear Shareholders,

In 2014, the Federal Reserve announced the end of its bond-buying program, marking the close of a three-year effort to stimulate the economy, as steady growth of economy in USA is positively expected. Janet Yellen was sworn in as the first woman to head the Federal Reserve after Chairman Ben Bernanke left FED. More than 4,900 people have now died from the Ebola outbreak in West Africa. It is the world's worst outbreak of Ebola in past 20 years. In addition, the video of Isis killing two Japanese hostages was quickly spread by internet and media. The fear of humanity is not only economic crisis, but also unknown viruses and terror attack. The world is flat, we quickly share information and move goods with high –efficiency. On the other hand, we also share risk immediately.

Oil Price War

In early 2015, OPEC, led by Saudi Arabia, has refused to make cuts in an effort to squeeze American shale producers. Low oil price benefit directly to customers, but the major crude oil exporting countries is seriously affected, especially in Brazil, Russia and many countries in Africa. The oil slump could plunge Europe into deflation, which force European Central Bank make solution policy. Before positive effects of low oil price coming, oil war will bring us a shakedown period with panic.

Follow up “Next Big Thing”

Morris Chang, the Chairman of TSMC, has stated the future direction of the semiconductor industry heading to "IoT, wearable devices, and smart home."   It would be the next big trend; it encourages all vendors to develop technology enhance to business boost.MIC(Marketech International Coperation) has been actively involved in IoT (Internet of Things), Smart City, and the icloud industry; toward to ICT (Information and Communication Technology) application in early 2013.In 2014, We have cooperated with many academic institutions and well-known international corporations in technical development of iCloud, Big Data, and Smart City

Look forward to 2015

In 2014, we gains prosperous feedback based on our diversified development in Non-IT industry. Furthermore, we runs cross-industrial business, and develops our market to Southeast Asia, including of Malaysia, Vietnam, Myanmar.   We would keep on upgrading our technical ability and manpower, heading to the big trend of economic boost in South East Asia.

Sincerely yours,

Margaret Kao

Chairman & CEO

2. Business Report

2.1 The operating results of 2014

2.1.1 Operating results

The Company’s consolidate revenue for 2014 totaled NT$14,965,399 thousand , an increase over NT$14,042,274 thousand for the year of 2013, Net income in 2014 amount to NT$384,519 thousand, an increase over NT$218,815 thousand.

The Parent Company’s separate revenue of the parent company for 2014 totaled NT$10,432,963 thousand, an increase over NT$9,518,958 thousand for the year of 2013. Net income in 2014 was NT$384,545 thousand, an increase over NT$222,615 thousand for the year of 2013.

The company will continue to stabilize growth and profitability as the operational goals in the future, thus to create the largest shareholder equity.

Summay of Conoslidated and Separate Financial Information is listed as follows:

2.1.1.1 Summary of the Consolidated Financial Information

Unit：NT$ thousands

Item	2013	2014	Variance ($)	Variance (%)
Operating Revenue	14,042,274	14,965,399	923,125	6.57
Gross Profit	1,543,553	1,759,065	215,512	13.96
Operating Income	252,330	504,299	251,969	99.86
Net Income	218,815	384,519	165,704	75.73
EPS(in dollars)(Note 2)	1.35	2.33	0.98	72.59

Note 1：The above information is summarized from Audit Reports of 2013 and 2014
Note 2：The Earnings Per Share is calculated based on the no. of the weighted average outstanding shares.

2.1.1.2 Summary of the Separate Financial Information

Unit：NT$ thousands

Item	2013	2014	Variance ($)	Variance (%)
Operating Revenue	9,518,958	10,432,963	914,004	9.60
Gross Profit	1,109,391	1,288,867	179,476	16.18
Operating Income	324,160	520,967	196,807	60.71
Net Income	222,615	384,545	161,930	72.74
EPS(in dollars) (Note 2)	1.35	2.33	0.98	72.59

Note 1：The above information is summarized from Audit Reports of 2013 and 2014
Note 2：The EPS is the basic earnings per share calculated by the weighted average number of ordinary shares outstanding.

2.1.2 Budget Implementation

The continous booming in global economy increased the market demand, of which not only benefits the manufacturers in semiconductor, optoelectronics, petrochemical and other industries, but also MIC to achieve the budget plan and reach significant increase in annual consolidated and non consolidated operating revenue in 2014.

2.1.3 Analysis of Receipts, Expenditures, and Profitability

Items			Consolidated Financial Information		Separate Financial Information	
			2013	2014	2013	2014
Financial Structure	Ratio of liabilities to assets (%)		59.12	62.81	45.73	52.43
	Ratio of long-term capital to fixed assets (%)		282.30	310.94	353.24	388.38
Solvency	Current ratio(%)		138.17	135.43	137.66	130.26
	Quick ratio (%)		99.99	101.87	96.58	98.92
	Interest cover		12.58	16.47	126.90	158.04
Profitibility	Return on total assets (%)		2.50	3.75	3.01	4.61
	Return on sharehlders' equity (%)		5.39	9.04	5.49	9.05
	Ratio to issued capital (%)	Operating income	15.29	30.55	19.64	31.56
		Pre-tax income	16.98	28.36	17.01	28.16
	Profit ratio (%)		1.56	2.57	2.34	3.69
	Earnings per share (in dollars)（Note）		1.35	2.33	1.35	2.33

Remark: The Earnings Per Share is calculated based on the no. of the weighted average outstanding shares.

2.1.4. Research and Development

2.1.4.1 Expenditure involved

Unit：NT$ thousands

Items / Year	Consolidated Financial Information		Separate Financial Information	
	2013	2014	2013	2014
Research and development expenses (A)	150,727	145,486	150,727	151,827
Operating revenue (B)	14,042,274	14,965,399	9,518,958	10,432,963
Ratio (A)/(B)(%)	1.07	0.97	1.58	1.46

2.1.4.2 Developed technologies and products

The R&D team has access to the very favorable results in certain technologies and products as follows:

Year	R&D Performance	Industry
2014	High-speed envelope palletizer	Beverage
	Automatic carring system	IT
	Shell membrane system for oil & gas separation	Petrochemical
	ESI Automated loading and unloading system	3C
	Temperature control system for ice water machine	Semiconductor
	Rear production line for special bottle	Beverage

Year	R&D Performance	Industry
	MASK Automatic viscose remover	Semiconductor
	Automatic dosing extraction & detection system	Biotech

2.2 Business Plan in 2015

2.2.1 Operating Strategies

2.2.1.1 Go further in product lines to increase the operating revenue.

2.2.1.2 Upgrade capabilities in turnkey service of engineering, design and system integration.

2.2.1.3 Cooperate with well-known international manufacturers to develop capabilities in production.

2.2.1.4 Research and develop custom made equipment.

2.2.1.5 Upgrade & extend service and maintenaince items.

2.2.1.6 Expand and diversify business in non-IT industries.

2.2.2 Sales volume forecast and the basis thereof

According to Gartner’s projection, the global revenue in semiconductor is expected to reach $US 358 billion and growth of 5.4%. In the meanwhile, WSTS forecasts the semiconductor production will increase to $US 345 billion and growth of 3.4%, and the Asia-Pacific market will still have significant growth. Taiwan PIDA estimates that the global display panel module production will show slow growth. Furthermore, IMF estimates that the global economic growth rate of 3.5% in 2015 is higher than 3.3% in 2014, and the US performance is still outstanding, also Taiwan's DGBAS forecasts the economic growth rate of 3.78%

MIC has been outboxing its current business fields and expanding its business territories to Southeastern countries, also reach significant sales revenue and net profit in 2014. The global economy is getting better, of which will help MIC to reach better performance in 2015

2.2.3 The Important Production and Sales Policies

2.2.3.1 Integrate the company business units and build up core technologyas well as value.

2.2.3.2 Provide customers in time service as well as solutionto increase competitiveness.

2.2.3.3 Provide customers full line service through synergy of the company business units.

2.3 Development Strategy

For business expansion, the company will attain steady growth through the core business incl. product agency and engineering service, and diversify the service to non-IT industries and territories in Southeastern countries.

And the implementation of ISO9001, ISO14001 and OHSAS18001 standards will help the company with efficiency, employees and customers with confidence in management to pursue the best interest for the shareholders.

2.4 The Effect of the External Competition, the Legal Environent, and Overall Business Environment

The impact of the external competitive, regulatory and the overall business environmentHowever, even the market is impacted by intense competition, rising costs, decreasing profits, and the regulation amendment based standing on the protection to the environment, consumers and investors, increase of limitation toward the operation and become more complicate. Thus, providing more professional service in order to overcome the challenge of the operation environment expansion. So, the company insists to provide the "integrated" also " differentiated" services and products to the customers and heads the company business units to penetrate its business as well as entering into the niche markets.

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

Sincerely yours,

Chairman & CEO： Margaret Kao

President： Scott Lin

Acconting Director：Chung, Chi-Wen

II. Company Profile

1. Date of Incorporation： December 27, 1988

2. Company History：

1988	Marketech International Corp. was established with paid-in capital of NT$ 5 million.
1989	Cooperated with US TPI Systems and introduced the hi-tech products as well as technologies
1991	Increased paid-in capital of NT$ 5 Million.
1994	Increased paid-in capital of NT$ 10 millio.
1995	Set up MIC's 1st semiconductor cleaning room
1995	Increased paid-in capital of NT$ 9 million.
1997	Started oversea business expansion from Singapre
1997	Tainan representative office was established to support customers in Tainan Science Park.
1997	Co-marketed with J.P.C. to expand business in oversea markets.
1998	Set up MIC's 2nd semiconductor cleaning room
1998	Changd company organization and name to Marketech International Corp. Increased paid-in capital of NT$ 13 million and converted retained earnings of NT$ 13 million into paid-in capital.
2000	Divisions of Equipment & Material and Chemical Engineering received ISO 9002 certification.
2000	Increased paid-in capital of NT$ 31.47 million and converted retained earnings of NT$ 113.23 million into paid-in capital Hsin Chu office was officially opened.
2000	MIC-TECH VENTURES ASIA PACIFIC INC. was established and in charge of investment projects in China.
2001	Increased paid-in capital of NT$ 18 million.
2001	MARKET GO PROFITS LTD. was established and in charge of oversea investment projects. Acquired MARKETECH INTEGRATED PTE LTD.
2001	MIC-Tech (WuXi) Co., Ltd. was established and in charge of equipment manufacturing business. MIC-Tech ShangHai Corp. Ltd. was established and in charge of trading business in China.
2001	Increased paid-in capital of NT$ 60 million and converted retained earnings of NT$ 172,39 million into paid-in capital.
2001	Hsin Chu branch office was established
2001	Tao Yuan bonded warehouse was established and operated.
2001	Received ISO 9001 certification (modified version by year 2000).
2001	Exclusive agent for selling semiconductor backend packaging detection equipment in Taiwan was licensed. Kaohsiung representative office was established to provide customers in time service. Tainan bonded warehouse was established to speed up material supply for

production.

2001 Beijing branch of MIC-Tech (WuXi) Co., Ltd. was established.

2001 Acquired Shanghai Puritic Co., Ltd. to expand business in China.

2002 Officially listed on Emerging Stock Market.

2002 Appointed 2 independent director and 1 independent supervisor.

2002 Increased paid-in capital of NT$ 50 million and converted retained earningsof NT$ 157.027 million into paid-in capital.

2002 Officially listed on OTC Market

2003 Issued MIC's 1st dometic unsecured convertible bond of NT$ 500 million.

2003 Started building Hu Kou factory

Fuzhou Jiwei System Integrated Co., Ltd. was established to expand the business in South China.

2003 Got approval to set up official office in Tainan Science Park.

2003 MIC-Tech Electronics Engineering Corp. was established.

2003 Executed retained earnings of NT$ 189.28175 million transferred to paid-in capital.

2003 Tainan Science Park branch office was established.

2003 Hu Kuo factory was official opened.

2003 Started building Shan Hua factory.

2003 Issued MIC's 2nd dometic unsecured convertible bond of NT$ 580 million.

2004 Converted unsecured convertible bond of NT$ 6.09951 million into paid-in capital.

2004 Started building Tainan Science Park factory.

2004 Worked as OEM of US equipment supplier.

2004 Officially listed on Taiwan Security Exchange Market.

2004 Executed retained earnings of NT$ 195.50165 million transferred to paid-in capital.

2004 Shan Hua factory was officially opned and operated.

2004 MIC-TECH GLOBAL CORP. was established.

2005 Converted unsecured convertible bond of NT$ 178,570 into paid-in capital.

2005 Tainan Science Park factory was officially opened and operated.

2005 Wu Xi factory was officially opened and operated.

2005 Executed retained earnings of NT$ 226.95569 million transferred to paid-in capital.

2005 Reclocated headquarter to Nangang Soft Park.

2006 Worked as OEM of US well-known flat panel display equipment supplier.

Worked as OEM of Japan Lasertech.

2006 Executed retained earnings of NT$ 207.26012 million transferred to paid-in capital.

2006 Phase I of Tou Fen factory was officially opened and operated.

2007 Received ISO 14001 and OHSAS 18001 certification.

2007 Cancelled registry of treasury stock and decreased paid-in capital of NT$

13.41 million.

2007	Converted unsecured convertible bond of NT$ 30,760 into paid-in capital.
2008	Startd building Phase II of Tainan Science Park factory.
2008	Phase II of Tainan Science Park factory was officially opened and operated.
2009	Marketech International Sdn. Bhd. was established for business expansion in Malaysia.
2009	Executed capital surplus of NT$ 14.90251 million transferred to paid-in capital.
2010	MIC-Tech Viet Nam Co., Ltd. was established for business expansion in Vietnam.
2010	Increased paid-in capital of NT$ 1.51 million through employees' subscription of new common stocks.
2011	Increased paid-in capital of NT$ 15.21 million through employees' subscription of new common stocks.
2011	Transferred semiconductor thermal process from Janpan HiKE
2011	Recognized as certified AEO company by Custom Administration,Minister of Finance.
2011	Increased paid-in capital of NT$ 3.48 million through employees' subscription of new common stocks.
2011	Hoa Phong Marketech Co., Ltd. was established for business expansion in Vietnam.
2011	Increased paid-in capital of NT$ 2.95 million through employees' subscription of new common stocks.
2012	Increased paid-in capital of NT$ 5.8 million through employees' subscription of new common stocks.
2012	Increased paid-in capital of NT$ 0.89 million through employees' subscription of new common stocks.
2013	Increased paid-in capital of NT$ 0.33 million through employees' subscription of new common stocks.
2013	Phase III of Tou Fen factory was officially opened and operated.
2014	Marketech Engineering Pte. Ltd. was established.
2014	Increased paid-in capital of NT$ 0.13 million through employees' subscription of new common stocks.
2014	Marketech Integrated Construction Co., Ltd. was established for business expansion in Myanmar.

2.1 Merger and acquisition (up to date)：

2.1.1 The shareholders with 60% shareholders' equity of Hoa Phong Marketech Co., Ltd. relinquished their qualifications in fund raising, of which made MIC with100% rights to vote. The aforesaid change was filed in October, 2014

2.1.2 MIC acquired the 50% of the shareholders' equity and owned 100% of MICT International Limited in March, 2015

2.1.3 Invested entities (up to date)

Unit：In Thousand of New Taiwan Dollars; %

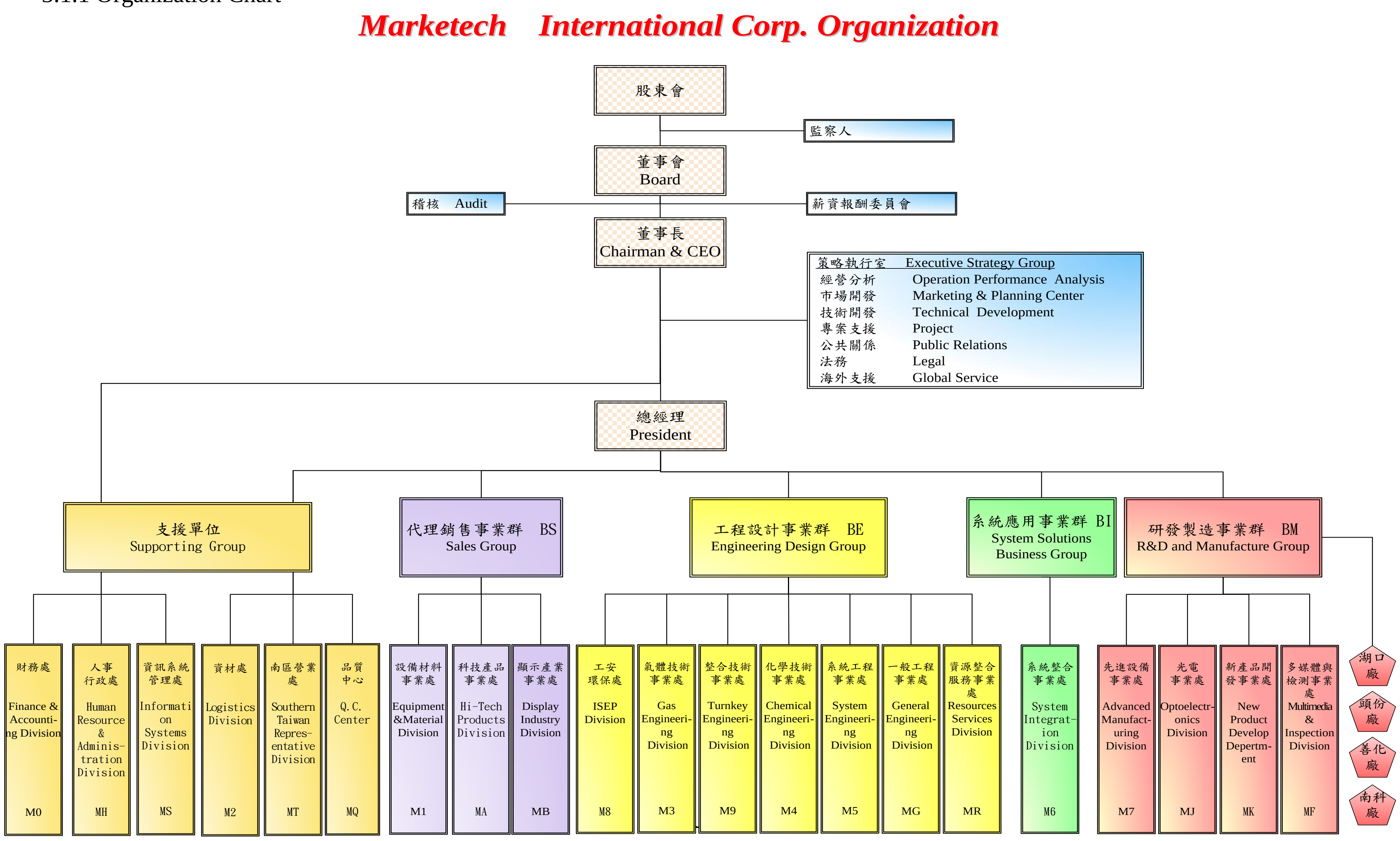
Invested Entity	Functions	December 31, 2014			March 31, 2015		
		Investment Amount	Shareholding Composition	Book Value	Investment Amount	Shareholding Composition	Book Value
Market Go Profits Ltd.	Engaged in holding and reinvestment affairs	1,108,679	100.00%	1,301,288	1,108,679	100.00%	1,211,011
Marketech Integrated Pte. Ltd.	Engaged in automatic supply systems business in semiconductor industry	136,757	100.00%	42,955	160,177	100.00%	48,940
Headquarter International Ltd.	Engaged in holding and reinvestment affairs	42,475	100.00%	41,483	42,475	100.00%	40,978
Tiger United Finance Ltd.	Engaged in holding and reinvestment affairs	46,475	100.00%	40,578	46,475	100.00%	40,136
MIC-Tech Global Corp.	Engaged in international business	13,327	100.00%	7,102	15,909	100.00%	8,225
MIC-Tech Viet Nam Co., Ltd.	Engaged in selling lant equipments & supplies and providing, installation & maintenance service	39,345	100.00%	41,354	39,345	100.00%	35,785
eZoom Information ,Inc.	Engaged in development, sales and consultancy of MIS software & hardware	29,737	100.00%	8,880	29,737	100.00%	2,756
Marketech Engineering Pte. Ltd.	Engaged in mechanical and electrical installation and engineering business	9,139	100.00%	7,717	9,139	100.00%	6,750
Hoa Phong Marketech Co. Ltd.	Engaged in engineering and maintenance service	29,922	40.00%	19,241	29,922	100.00%	18,226
Glory Technology Service Inc.	Engaged in sales and installation of telecom equipment	20,000	40.00%	29,082	20,000	40.00%	30,418
True Victor International Limited	Engaged in holding and reinvestment affairs	800	38.57%	315	800	38.57%	311
MIC Techno Co., Ltd.	Engaged in sales of panel equipment and material	2,000	20.00%	2,069	2,000	20.00%	1,905

Remark：The above investments are recongnized by equity method.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.2 Major corporate functions

Division	Functions
Executive Strategy office	1. Analyzes the overall business and schemes the business strategy, 2. Assesses the investment projects and the new product line 3. Implements and improves robust management practices. 4. Plans, co-ordinates and executes assigned projects. 5. Complies all business activity with legal compliance. 6. Establishes and maintains public relations, and coordination among division.
Audit Office	1. Conducts inspection and evaluates internal controls within various divisions. 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
Finance & Accounting Division	1. Stock affairs, tax planning and filing. 2. Bookkeeping, cost analysis, financial statement analysis, budget control, operational analysis and decision support. 3. Financial analysis, planning, and funding. 4. Short and long term investment management 5. Regulatory reporting,
Euipment & Material Division	1. Provides the hi-tech manufacturing process and testing equipment and supplies 2. Provides in time after service, technical support, and maintenance.
Logistics Division	1. Responsible for the purchasing, shipping and warehousing of materials, equipment and tools. 2. Develops a robust supplier system that facilitates order tracking and strategic purchases 3. Handles processes such as import, export, and bonded warehouses.
Gas Engineering Division	1. Provides total solution of UHP gas system which includes gas piping and equipment. 2. Provides gas gabinet (GC) and valve manifold box (VMB) certified with SEMI. 3. Represents variety of gases, chemicals, equipment and consuming parts from worldwide. 4. Specialized in UHP gas/ liquid system module OEM and ODM.
Chemical Engineering Division	1. Provides liquid supply system for all micro-electronics, petro-chemical, pharmaceutical, food and beverage facility usage, such as to provide the central chemical supply system (CCSS), ultra pure water treatment system and waste water treatment system 2. Provides engineering, real-time schedule and quality control, research and innovation, design, manufacture, installation, start-up & commissioning, after sale service and total chemical/gas/water management (TCM、TGCM、TWM).
System Engineering Division	1. Constructs cleanrooms for local high-tech and bio tech industries; provides construction services for electromechanical engineering projects such as planning, design, supervision and turnkey solutions. 2. Constructs pumping station facilities, waste water treatment facilities, pumping station automation, air pollution control and other environmental protection facilities. 3. Represents boiler and waste solvents. 4. Provides installation services for energy and recycle facilities.
Optoelectronics	1. Provides design and production services of automation systems for

Division	Functions
Division	optoelectronics industry, image detection equipment, logistics automation systems for IT industry, logistics automation systems for biotechnology pharmaceutical industry, food industry and traditional industry. 2. Provides design and development service for production information integration system and turnkey service for LED PSS process equipment.
System Integration Division	Provides design, construction, installation and testing services to control and equipment automation system of plants, smart buildings and IDC.
ISEP Division	1. Enhances employees' safety and health within the company; implements an OHSAS 18001-compliant occupational health and safety system. Improves environmental management within the company; implements an ISO 14001-compliant environmental management system.
Turkey Engineerin Division	1. Provide total Turnkey hook-up which includes move-in, foundation, gas, chemical, power, pumping Llne, PV, exhaust, UPW, PCW and drain hook-up. 2. Provides Construction, design, Micro-layout, 3D drawing for whole factory.
Hi-Tech Producs Division	1. Provides production and testing equipment, instruments, parts and materials for Semiconductor BackEnd packaging and testing, and Light-Emitting Diod 2. Provides after service, technical support and maintenance services.
Display Industry Division	1. Provides production for flat panel displays, color filter and testing equipment, instruments, parts and materials 2. Provides after service, technical support and maintenance service.
Human Resource & Administration Division	1. Human resources management. 2. Employee employment, training management and planning. 3. Asset management. 3. General affairs and daily support.
Information & System Divisoin	1. Development and management of information systems and networks. 2. Responsible for the development, maintenance and security management of various information systems and databases. 4. Software access control, introduction and maintenance.
Q.C. Center	3. Developes, implements, enhances and improves ISO 9001 quality management system.
Southern Taiwan Representative Division	Manages business, provides internal coordination, support of procurement and administration to offices in Southern Taiwan.
Genearl Engineering Division	Provides machinery and electric engineering services include design、consultant & construction of petro-chemical plant、traditional industry、intelligent buildings engineering、hospital building、office、shopping mall、hotel and transportation system.
Resources Services Division	1. Handles all engineering demand involving in consulting, planning, design, maintenance, repair, or alteration. Provides services including equipment relocation, trading or sales of new and used equipment, and relocation implementation.
Advanced Manufacturing Division	2. Provides OEM service for LCD manufacturing process and testing equipment, IC process equipment module, process equipment related to solar energy module.
New Product Development Division	Provides LED, IC packaging and testing service, passive components, …etc. incl. flaw detection, size measurement and production of process equipment.

II. Directors, Supervisors, President, Vice President, Assistant Vice President and Department Heads March 30, 2014

Unit: NTD per thousand; shares; %

Position (Note 1)	Nationality or registered origin	Name	Appointed (incumbent) date	Tenure	Initial appointed date (Note 2)	Shareholdings when appointed		Initial appointed (incumbent) date		Shareholding held by spouse, minor offspring		Shareholding held by the name of others		Major exposure (education)	Position currently also serve at the company and other companies	Related to other executive, director or auditor as the spouse or blood relative within two tiers		
						Share count	Share-holding ratio	Share count	Share-holding ratio	Share count	Share-holding ratio	Share count	Share-holding ratio			Title	Name	Relation
Director	Republic of China	Ji Shuan Investment co representative: SungKao,Hsiu-Ming	102/06/11	3	90/10/22	19,005,795 *4,010,513	11.55% *2.44%	19,005,795 *4,010,513	11.51% *2.43%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	Taiwan University EMBA international business administration master Institute for Industrial Research electronics research institute section head	Chairman and CEO, Marketech International Corp. Director ,WT Microelectronics Chairman, Machrotec Technology Corp. Chairman ,CHI HSUAN INVESTMENT CO., LTD. Director, Acter Co., Ltd director Chairman ,Sopower technology Corp. Chairman, MIC-Techno Co., Ltd Supervisor, Probeleader Co., Ltd	Nil	Nil	Nil
Director	ROC	Ji Shuan Investment co representative: Chuang, Yen-shan	102/06/11	3	96/6/15	19,005,795 *139,494	11.55% *0.08%	19,005,795 *139,494	11.51% *0.08%	0 *525,101	0.00% *0.32%	0 *0	0.00% *0.00%	Texas State University school of electrical engineering master Nanya Technology co president Wangeng Optoelectronics co chairman	Director ,Marketech International Corp. Director ,Taiwan Puritic Corp.	Nil	Nil	Nil
Director	ROC	Yi Wei Investment co representative: Lin Yu-Yeh	102/06/11	3	90/10/22	12,647,112 *10,465,782	7.68% *6.36%	12,647,112 *10,327,782	7.66% *6.26%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	Cheng Chi University business administration research institution master IFIR Western US Office superintendent IRIF electronics research institute section head	President and director ,Marketech International Corp. Chairman, YI WEI INVESTMENT CO., LTD. Supervisor, MIC-Techno Co., Ltd Chairman, Probeleader Co., Ltd	Nil	Nil	Nil
Independent director	ROC	Wu Chung-Pao	102/06/11	3	98/6/19	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Taiwan University EMBA international business administration section master China Youth Startup Federation executive director Taiwan Electronics and Electrical Engineering Association standby director	Independent director, Marketech International Corp. Chairman ,Protech Systems Co., Ltd	Nil	Nil	Nil
Independent director	ROC	Lu Zong-Jenn	102/06/11	3	96/6/15	365,286	0.22%	365,286	0.22%	0	0.00%	0	0.00%	Chung Hsing University B.A. Chin Cho co president	Independent director, Marketech International Corp. Chairman, Kisso Co., Ltd.	Nil	Nil	Nil
Supervisor	ROC	Ma,Kuo-Peng	102/06/11	3	90/10/22	1,674,422	1.02%	1,674,422	1.01%	0	0.00%	0	0.00%	Qing Hua University E&M master Chiao Tong University electrical engineering doctoral program study Texas Semiconductors outsourced packaging department manager	Supervisor, Marketech International Corp. Chairman, Dyma Advance Technology Corp. Director ,Sopower technology Corp. Director, Taiwan Puritic Corp.	Nil	Nil	Nil
Supervisor	ROC	Hsiao, Ming-Chih	102/06/11	3	91/05/22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Dong Hai University school of accounting B.A. De An Development co vice president	Supervisor, Marketech International Corp. Chairman, Dyma Advance Technology Corp. Director ,Sopower technology Corp. Director, Taiwan Puritic Corp.	Nil	Nil	Nil
Supervisor	ROC	Cheng Jin-Chuan	102/06/11	3	90/10/22	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Dong Hai University school of Industrial Engineering B.A. Cheng Chi University business administration EMBA master study	Supervisor, Marketech International Corp. Vice president ,AAA Capital Management Co., Ltd.	Nil	Nil	Nil

* Which pertains to the representative's personal shareholding count and shareholding ratio.

Note 1:The institutional shareholder is to enlist the name of the institutional shareholder and its representative separately (as an institutional shareholder representation, the name of the institutional shareholder shall be noted), and shall also fill out the below table I.

Note 2: To enter the time first serving as company director or auditor, and if there is an interruption, please footnote the explanation.

Note 3: When having worked at the auditing CPAs Office or its affiliated enterprise in relevant exposure prior to serving the current position, the position served and the responsible job description shall be described.

2. Major shareholders as institutions shareholders

Table I: Major shareholders as institutional shareholders

March 30, 2015

Name of institutional shareholders (Note 1)	Major shareholders as institutional investors (Note 2)
Ji Shuan Investment Company	SungKao,Hsin-Ming (16.06%), Dunh Bing-zhong (23.42%), Sung Feng-pei (22.56%), Tao Zhe-yi (0.89%), Gao Chi-ming (0.45%), Ji Yung Investment Company (18.31%), Bai Shuan Investment Company (18.31%)
Yi Wei Investment Company	Lin Yu-Yeh (95%), Chen Wen-shu (2.5%), Lin Yu-jeh (0.5%), Lin Yu-yao (0.5%), Chen Lian-zhe (0.5%), Zheng Li-jen (0.5%), Feng Shu-jen (0.5%)
Ji Yung Investment Company	Sung Bing-zhong (94%), SungKao,Hsin-Ming (3%), Sung Feng-pei (3%)

Note 1:When a director or supervisor is of an institutional share representative, the name of said institutional shareholder shall be entered.

Note 2:To enter the name of said institutional entity's major investors (the top ten in shareholdings by percentage) and their shareholding ratio.

Table II: Major shares of institutional investors as institutional shareholders

March 30, 2015

Name of institutional shareholders (Note 1)	Major shareholders as institutional investors (Note 2)
Ji Yung Investment Company	Sung Bing-zhong (94%), SungKao,Hsin-Ming (3%), Sung Feng-pei (3%)
Bai Shuan Investment Company	Sung Feng-pei (94%), Sung Bing-zhong (5%), SungKao,Hsin-Ming (1%)

Note 1:When one of the major shareholders in the above table is of an institutional shareholder, the name of said institutional shareholder shall be entered.

Note 2:To enter the name of said institutional investor's major shareholders (the top ten in shareholdings by percentage) and their shareholding ratio.

3. Information on the directors and supervisors (II)

March 30, 2015

Criteria / Name	Whether commanding five years or longer of working experience and the below professional qualifications			State of independent conformance (Note 1)										also serving as other companies' independent directorship count
	As business, law, finance, accounting or company business required relevant public/ private college / university lecturer or higher	As judge, prosecutor, legal counsel, CPA or other professional certified technician required of the company operation and accredited with professional certification	Business, law, finance, accounting or company operation related working experience	1	2	3	4	5	6	7	8	9	10	
Ji Shuan Investment co Representative: SungKao,Hsin-Ming	Nil	Nil	✓	Nil	Nil	Nil	✓	Nil	Nil	Nil	✓	✓	Nil	Nil
Ji Shuan Investment co Representative: Chuang, Yen-Shan	Nil	Nil	✓	✓	✓	✓	✓	✓	✓	Nil	✓	✓	Nil	Nil
Yi Wei investment co Representative: Lin Yue-Yeh	Nil	Nil	✓	Nil	Nil	Nil	✓	Nil	Nil	Nil	✓	✓	Nil	Nil
Lu ,Zong-Jenn	Nil	Nil	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Wu ,Chung-Pao	Nil	Nil	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Ma ,Kuo-Peng	Nil	Nil	✓	✓	Nil	Nil	✓	✓	✓	✓	✓	✓	✓	Nil
Hsieh,Ming-ChihXiao Min-zhe	Nil	Nil	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Nil
Cheng ,Jin-Chuann	Nil	Nil	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note 1: When various directors, supervisors who conform to the following criteria two years prior to being appointed and during the period of whose tenure, please place a checkmark in the blank box under various criteria codes.

(1)Not as a hired help of the company or its affiliated enterprises.

(2)Not as a director, supervisorr to the company's affiliated enterprise (except where it if of a company independent director as the company's parent firm, of a subsidiary the company holds, directly or indirectly, over fifty percent of the voting rights.

(3)Not as the individual and whose spouse, minor offspring, or as a neutral person shareholder holding over one hundred percent of the company total shares issued, or as top ten shareholders.

(4)Not as the spouse to those enlisted under the preceding par III, blood relatives within two tiers, or direct blood relatives within five tiers.

(5)Not as the director, auditor or hired help of an institutional shareholder holding over five percent of the company's total shares issued, or as top five institutional shareholders' director, auditor or hired help by shareholding.

(6)Not as the director (managing director), auditor (managing auditor), manager, or shareholder holding over five percent of the shares of a specific company or entity with financial or business transaction with the company.

(7)Not as the professional offering business, legal, financial, accounting and related services or consulting to the company or its affiliated enterprises, the business owner, partner, director (managing director), auditor (managing auditor), manager and their spouse of a sole ownership, partnership, incorporated entity or organization, except as a member of the payroll remuneration council for exercising its fiduciary duties per article 7 of the stock launching or securities dealers business office trading company's payroll remuneration council set up and exercising its fiduciary duty measures.

(8)Not related to the other directors as a spouse or blood relation within two tiers.

(9)Not involved in any of the circumstances specified under article 30 of the Corporate Law.

(10)Not nominated as a governmental or institutional shareholder, or as the representative as stipulated under article 27 of the Corporate Law. ◦

(II) Information on the president, vice president, senior manager, various departmental and branch organization supervisors

March 30, 2015

Unit: NTD per thousand; share; %

Title (Note 1)	Nation-ality	Name	Appointed (incumbent) date	Shareholdings held		Shareholdings held by spouse, minor offspring		Shareholdings held under the name of others		Main exposure (education) (Note 2)	The position who also currently serves at other companies	Managers related as spouse or within two tiers of blood relation		
				Share count	Share-holding ratio	Share count	Share-holding ratio	Share count	Share-holding ratio			Title	Name	Relation
Chairman and CEO	ROC	Sung Kao, Hsin-Ming	1989/01/01	4,010,513	2.43%	0	0.00%	0	0.00%	Taiwan University EMBA int'l business administration section MBA, Institute for Industrial Research electronics laboratory section head	Wen Hua Technology Corp dire tor Shu Shuan Investment co chairman Ji Shuan Engineering Technology Co diretor Sheng Hui Engineering Technology Co chairman Hua Shuan Technology Co chairman Li Wei Electronics Co auditor	Nil	Nil	Nil
President	ROC	Lin Yue-Yeh	2004/07/01	10,327,782	6.26%	0	0.00%	0	0.00%	Cheng Chi University business administration research institute master Institute for Industrial Research western USA office superintendent IFIE electronics research institute section head	Yi Wei Investment Co chairman Hua Shuan Technology Co auditor Li Wei Electronics Corp chairman	Nil	Nil	Nil
VP	ROC	Huang Zhong-wen	2010/02/01	31,283	0.02%	0	0.00%	0	0.00%	Murray State University USA business administration research institute master Asia Word Hotel departmental superintendent	Nil	Nil	Nil	Nil
VP	ROC	Chang Ruei-ru	2010/02/01	167,348	0.10%	0	0.00%	0	0.00%	Taiwan Technology University EMBA global strategy section master China Precision Diecast co technical section head Jia Rong Company sales superintendent	Nil	Nil	Nil	Nil
VP	ROC	Chen Dian-ting	2010/02/01	70,588	0.04%	0	0.00%	0	0.00%	Chung Shan University mechanical engineering research institute master Institute for Industrial Research assistant engineer Ikeru Industrial Corp head engineer Metallurgy Industrial Research and Development Center asst engineer	Hua Shuan Technology co president	Nil	Nil	Nil
VP	ROC	Wei Jian-ming	2010/04/01	0	0.00%	0	0.00%	0	0.00%	State of Connecticut University USA information science doctoral Rainbow QX Technologies Corp president Axonet Inc president and CEO	Nil	Nil	Nil	Nil
VP	ROC	Chen Jian-tsuen	2010/04/01	35,000	0.02%	0	0.00%	0	0.00%	Tamkang University school of applied physics B.A.	Nil	Nil	Nil	Nil
VP Finance	ROC	Hsieh Ming-ju	2009/07/01	451,459	0.27%	0	0.00%	0	0.00%	Taipei Business College school of accounting and statistics B.A. Lung Pu Group financial specialist Cathay group adminisrator	Nil	Nil	Nil	Nil
Director, Finance & Accounting Divison	ROC	Zhong Chi-wen	2006/04/21	43,973	0.03%	0	0.00%	0	0.00%	Soochow University accounting research institute master Daiwa Securities co assistant manager	Nil	Nil	Nil	Nil
Audit	ROC	Lin Ya-qing	2000/09/13	9,000	0.01%	0	0.00%	0	0.00%	Soochow University school of business administration B.A. KPMG CPA Office assistant manager TransAsia Airways senior accountant	Nil	Nil	Nil	Nil

Note 1: It shall include information on the president, vice presidents, senior managers, various departmental and branch organizational executives, and those with a position comparable to the president, vice president and senior manager, regardless of the job title, shall also be disclosed.

Note 2: When having worked in a certified public accountants office or related enterprise with pertinent exposure related to the current position, it shall describe the individual's job title and responsible job description.

III. The remunerations dispensed to the Directors, Supervisors, President and Vice President in the most recent fiscal year

The company, when in one of the following circumstances, shall disclose the remunerations dispensed to its directors or auditors individually; and the rest may adopt the means of a consolidated tally as coordinated with a scale by which to disclose the names, or by means of disclosing the names and remunerations individually (when adopting individual disclosure, please enter individually the position, name and amount, without having to fill out a table of remunerations by scale):

(I) When there is after-tax deficit in the most recent two years' financial statements, the name of the "directors and auditors" and their remunerations shall be disclosed individually, except where the most recent year's financial statements have turned an after-tax net earnings and that also suffices to redeem the cumulative deficit; in the wake of after-tax deficit in the most recent two years' individual entity or individual financial statements when adopting the International Financial Statement Reporting Criteria, the name of the "directors and auditors" and their remunerations shall be disclosed individually, except where the most recent year's individual entity or individual financial statements have generated an after-tax net earnings, and that also suffices to recuperate the cumulative deficit.

(II) If the circumstance of shares held by the directors should fall short for three consecutive months or longer in the most recent year, the remunerations of individual directors shall be disclosed; when the circumstance of shares held by the auditors should fall short by three consecutive months or longer in the most recent years, the remunerations of individual auditors shall be disclosed.

(III) If the directors or auditors' average mortgaging percentage exceeds 50% in any given three months in the most recent year, the particular month of the remunerations of the individual directors or auditors with a mortgaging ratio exceeding 50% shall be disclosed.

(Note: the entire directors' monthly average mortgaging ratio: the entire directors' mortgaged share count / the entire directors' shareholdings (including the retained voting right trust share count); the entire auditors monthly average mortgaging ratio: the entire auditors mortgaging share count / the entire auditors shareholdings (including the retained voting right trust share count).

(IV) When the entire directors and auditors collecting the directors and auditors remunerations in all companies stated in the financial statements to the after-tax net earnings should exceed two percent, and that the remunerations the individual directors or auditors collect also exceed NT$15 million, the individual remunerations of the directors or auditors shall be disclosed.

In the absence of any of the foresaid par (I) to par (IV) circumstances among company directors and auditors, the company has therefore adopted the means of consolidated tally, as coordinated with scale in disclosing the names.

(I) The remunerations of the directors (including the independent directors)

Year 2014
Unit: NTD per thousand; shares
(except where the market value per share is indicated in NTD)

(1-2) The remunerations of the directors (including the independent directors)
(By means of consolidated tally as coordinated with scale by which to disclose the names)

Title	Name	Director remunerations								The ratio of the sum of the four items A, B, C and D to the after-tax net earnings		Pertinent remunerations doubling employees collect												The ratio of the sum of the seven items A, B, C, D, E, F and G to the after-tax net earnings (Note 11)		Whether collecting remunerations from reinvested entities beyond the subsidiaries (Note 12)
		Return (A) (Note 2)		Retirement pension (B)		Earnings distribution return (C) (Note 3)		Business execution expenditure (D) (Note 4)				Wages, bonuses and special expensed expenditure etc. (E) (Note 5)		Retirement pensions (F)		Earnings distribution employees bonus (G) (Note 6)				Share count acquired through employee share pledging certificate (H) (Note 7)		New share count acquired through restricted employee entitlements (I) (Note 13)				
																The company		All companies in the financial statements (Note 8)								
		The company	All companies in the financial statements (Note 8)	The company	All companies in the financial statements (Note 8)	The company	All companies in the financial statements (Note 8)	The company	All companies in the financial statements (Note 8)	The company	All companies in the financial statements (Note 8)	The company	All companies in the financial statements (Note 8)	The company	All companies in the financial statements (Note 8)	Cash bonus amount	Stock bonus amount	Cash bonus amount	Stock bonus amount	The company	All companies in the financial statements (Note 8)	The company	All companies in the financial statements (Note 8)	The company	All companies in the financial statements (Note 8)	
Chairman and CEO and subsidiary president	Ji Shuan Investment co representative: Sung Kao, Hsin-Ming	0	0	0	0	2,192	2,192	312	312	0.65%	0.65%	16,074	17,877	161	161	0	0	0	0	0	0	0	0	4.87%	5.34%	有
Director	Ji Shuan Investment co representative: Chuang, Yen-Shan																									
Chairman President	Yi Wei Investment co representative: Lin, Yue-Yeh																									
Independent director	Wu, Chung-Pao																									
Independent director	Lu, Zong-Jenn																									

Remunerations Scale Table

Year 2014

Remunerations dispensed to individual company directors by scale	Name of the directors			
	Total sum of the remunerations of the first four items (A+B+C+D)		Total sum of the first seven items (A+B+C+D+E+F+G)	
	The company (Note 9)	All companies stated in the financial statements (Note 10) (I)	The company (Note 9)	All companies stated in the financial statements (Note 10) (J)
Up to $2,000,000	Sung Kao, Hsin-Ming, Chuang, Yen-Shan, Lin, Yue-Yeh, Lu, Zong-Jenn, Wu, Chung-Pao	Sung Kao, Hsin-Ming, Chuang, Yen-Shan, Lin, Yue-Yeh, Lu, Zong-Jenn, Wu, Chung-Pao	Chuang, Yen-Shan, Lu, Zong-Jenn, Wu, Chung-Pao	Chuang, Yen-Shan, Lu, Zong-Jenn, Wu, Chung-Pao
$2,000,000 (inclusive) ~ $5,000,000 (preclusive)	Nil	Nil	Nil	Nil
$5,000,000 (inclusive) ~ $10,000,000 (preclusive)	Nil	Nil	Gao Xin-ming, Lin Yu-yeh	Gao Xin-ming, Lin Yu-yeh
$10,000,000 (inclusive) ~ $15,000,000 (preclusive)	Nil	Nil	Nil	Nil
$15,000,000 (inclusive) ~ $30,000,000 (preclusive)	Nil	Nil	Nil	Nil

Remunerations dispensed to individual company directors by scale	Name of the directors			
	Total sum of the remunerations of the first four items (A+B+C+D)		Total sum of the first seven items (A+B+C+D+E+F+G)	
	The company (Note 9)	All companies stated in the financial statements (Note 10) (I)	The company (Note 9)	All companies stated in the financial statements (Note 10) (J)
$30,000,000 (inclusive) ~ $50,000,000 (preclusive)	Nil	Nil	Nil	Nil
$50,000,000 (inclusive) ~ $100,000,000 (preclusive)	Nil	Nil	Nil	Nil
Over $100,000,000	Nil	Nil	Nil	Nil
Total	5	5	5	5

* As the content of the remunerations disclosed in the table varies from the concept of income by the Income Tax Law, thus the purpose of the table has been for the purpose of information disclosure, and is not intended for tax levy purpose.

Note 1: The name of the directors shall be enlisted separately (of institutional shareholders, the institutional shareholder name and the representative shall be enlisted separately), with amount of various payouts to be disclosed in a consolidated manner. If the directors also doubling as the president or vice presidents, the table and the below table (3-1) or (3-2) shall be entered.

Note 2: Which refers to the most recent year's directors' remunerations (including the directors remunerations, position stipends, resignation payout, various bonuses, incentive payouts and the like).

Note 3: Which pertains to entering the directors' remuneration amount in the proposed earnings distribution proposal as motioned through the management board and voted before the shareholders meeting. The distribution of the remunerations company 2014 earnings distribution is formulated and finalized by the management board, and is motioned through before the 2015 shareholders' meeting.

Note 4: Which pertains to the most recent year's directors' pertinent business execution expenditures (including the travel expenses, special dispensed expenditures, various subsidies, dormitory, car allocation and related tangible goods allocation and so forth). When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also when allocating with a driver, please include in the footnote explaining pertinent remuneration the company pays said driver, but excluding from the remunerations.

Note 5: Which refers to the most recent year in which the directors doubling as employees (including doubling as the president, vice president, other managers and employees) have collected of the wages, position stipends, resignaton payouts, various bonuses, incentive payouts, travel expenses, specially dispensed expenditures, various subsidies, dormitory, car allocation and related tangible goods allocation and the like). When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also when allocating with a driver, please include in the footnote explaining pertinent remuneration the company pays said driver, but excluding from the remunerations. Company chairman Gao Xin-ming is allocated with one leased company vehicle, which carries a monthly lease at NT$72,857 spanning from Jan. 1, 2014 to Dec. 31, 2014; president Lin Yu-yeh is allocated with one leased company vehicle, which carries a monthly lease at NT$36,667 from Jan. 1, 2014 to Dec. 31, 2014.

Note 6: Which refers to when the directors doubling as employees (including doubling as the president, vice presidents, other managers and employees) collect the employee bonuses (including the stock bonus and cash bonus), it is mandated to disclose the employee bonus amount proposed for distribution in an earnings distribution proposal as motioned through before the management board and presented for voting before the shareholders' meeting; if unforecastable, the current year's proposed distribution amount is calculated from the previous year's actual distributed amount in percentage, and the attached table 1~3 shall also be filled out.

Note 7: Which pertains to the share pledging count (excluding the executed portion) the directors doubling as employees (including doubling as the president, vice presidents, other managers and employees) with employee share pledging certificates obtained as of the annual report publication date, which is required to enter the table, and also to fill out attached table 15.

Note 8: The total sum of various remunerations dispensed to company directors by all companies (including the company) stated in the consolidated financial statements.

Note 9: The total sum of various remunerations the company dispenses to each director, and disclosing the name of the directors that fall within the scale of pay propensity.

Note 10: It is mandated to disclose the total sum of various remunerations dispensed to each company director by all companies (including the company) stated in the consolidated financial statements, and disclosing the name of the directors that fall within the scale of pay propensity.

Note 11: The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return refers to the after-tax net return of an individual entity or individual financial statements. All companies (including the company) in the consolidated financial statements have since 2014 begun to adopt the International Financial Statement Reporting Criteria so recognized by the Financial Supervisory Commission. The company's 2014 individual financial statements' after-tax net return is at NT$384,545,000, and the 2014 consolidated financial statements' consolidated total loss or gain is at NT$384,519,000.

Note 12: a. The column shall precisely enter the pertinent remuneration amount company directors collect from reinvested entities beyond the subsidiaries.

b. If company directors collect pertinent remunerations from reinvested entities beyond the subsidiaries, the remunerations company directors collect from reinvested entities beyond the subsidiaries shall be merged into the remuneration scale table column J, and also change the column name to "all reinvested entities".

c. The remunerations pertain to the pay, remunerations, employee bonus and pertinent remunerations on business execution expenditure company directors act in the capacity as a director, auditor or manager to a reinvested entity beyond the subsidiaries.

Note 13: which refers to the new share count the director acts as an employee (including doubling as the president, vice president, other managers or employee) has acquired with restricted employee entitlements as of the annual reporting [publication date, which requires to enter not only the table, and shall also fill out the attached table 15~1.

(II) The remunerations of the supervisors

(2-2) The remunerations of the supervisors (by means of consolidated tally as coordinated with scale by which to disclose the names)

Year 2014

Unit: NTD per thousand; shares

<table>
<tr><th rowspan="3">Position</th><th rowspan="3">Name</th><th colspan="6">Supervisors remunerations</th><th colspan="2" rowspan="2">The percentage of the sum of the three items A, B and C to the after-tax net return (Note 8)</th><th rowspan="3">Whether collecting remunerations from reinvested entities beyond the subsidiaries (Note 9)</th></tr>
<tr><th colspan="2">Remunerations (A) (Note 2)</th><th colspan="2">Remunerations derived from earnings distribution (B) (Note 3)</th><th colspan="2">Business execution expenditure (C) (Note 4)</th></tr>
<tr><th>The company</th><th>All companies stated in teh financial statements (Note 5)</th><th>The company</th><th>All companies stated in teh financial statements (Note 5)</th><th>The company</th><th>All companies stated in teh financial statements (Note 5)</th><th>The company</th><th>All companies stated in teh financial statements (Note 5)</th></tr>
<tr><td>supervisors</td><td>Ma, Kuo-Peng</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">1,315</td><td rowspan="3">1,315</td><td rowspan="3">156</td><td rowspan="3">156</td><td rowspan="3">0.38%</td><td rowspan="3">0.38%</td><td rowspan="3">無</td></tr>
<tr><td>supervisors</td><td>Hsiao, Ming-Chih</td></tr>
<tr><td>supervisors</td><td>Cheng, Jin-Chuan</td></tr>
</table>

Remunerations Scale Table

Year 2014

The remunerations dispensed to various company supervisors by scale	Name of the supervisors	
	The total sum of the first three items of remunerations (A+B+C)	
	The company (Note 6)	All companies stated in the financial statements (Note 7) (D)
Up to $2,000,000	Ma, Kuo-Peng, Hsiao, Ming-Chih, Cheng, Jin-Chuan	Ma, Kuo-Peng, Hsiao, Ming-Chih, Cheng, Jin-Chuan
$2,000,000 (inclusive) ~ $5,000,000 (preclusive)	Nil	Nil
$5,000,000 (inclusive) ~ $10,000,000 (preclusive)	Nil	Nil
$10,000,000 (inclusive) ~ $15,000,000 (preclusive)	Nil	Nil
$15,000,000 (inclusive) ~ $30,000,000 (preclusive)	Nil	Nil
$30,000,000 (inclusive) ~ $50,000,000 (preclusive)	Nil	Nil
$50,000,000 (inclusive) ~ $100,000,000 (preclusive)	Nil	Nil
Over $100,000,000	Nil	Nil
Total	3	3

* As the content of the remunerations disclosed in the table varies from the concept of income by the Income Tax Law, thus the purpose of the table has been for the purpose of information disclosure, and is not intended for tax levy purpose.

Note 1: The name of the auditors shall be enlisted separately (of institutional shareholders, the shareholder name and representative shall be enlisted separately), and various payout amounts disclosed in a consolidated manner.

Note 2: Which refers to the most recent year's auditors remunerations (including the auditors wages, position stipends, resignation payout, various bonuses, incentive payout and the like).

Note 3: Which pertains to entering the most recent year's earnings distribution proposal on auditors remuneration amount proposed to be distributed as motioned by the management board and voted before the shareholder's meeting. The distribution of the 2014 company auditors remunerations has been proposed and voted by the management board, and the proposal has been motioned through before the 2015 scheduled shareholders' meeting.

Note 4: Which refers to pertinent business execution expenditures dispensed to the auditors in the most recent years (including the travel expenses, special dispensed expenditures, various subsidies, dormitory, car allocation and related tangible goods supply and the like). When allocating housing, car and other transportation means or as exclusive personal expenditures, it is mandated to disclose the nature of the assets allocated, and its cost, the act or fair market value actuated rent, fuel and other payouts. Also when allocating with a driver, please footnote explaining pertinent remunerations the company pays said driver, but excluding from the remunerations.

Note 5: It shall disclose the total sum of various remunerations all companies stated in the consolidated financial statements dispense to company auditors.

Note 6: The total sum of various remunerations the company dispenses to each auditor, and disclosing the name of the auditors that fall within the scale of the pay propensity.

Note 7: It is mandated to disclose the total sum of various remuneration all companies (including the company) stated in the consolidated financial statements dispense each company auditor, and disclosing the name of the auditors that fall within scale of pay propensity.

Note 8: The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return refers to the after-tax net return of an individual entity or individual financial statements. All companies (including the company) in the consolidated financial statements have since 2014 begun to adopt the International Financial Statement Reporting Criteria so recognized by the Financial Supervisory Commission. The company's 2014 individual financial statements' after-tax net return is at NT$384,545,000, and the 2014 consolidated financial statements' consolidated total loss or gain is at NT$384,519,000.

Note 9:a..The column shall precisely enter the amount of pertinent remunerations company auditors collect from reinvested entities beyond the subsidiaries.

b.When company auditors collect pertinent remunerations from reinvested entities beyond the subsidiaries, the remunerations company auditors collect from reinvested entities beyond the subsidiaries shall be merged into the remuneration scale table column D, and also change the column name to "all reinvested entities".

c.The term remunerations pertain to the pay, remuneration, employee bonus and pertinent remuneration for business execution expenditure company auditors act in the capacity as the director, auditor, or manger to a reinvested entity beyond the subsidiaries.

(III) The remunerations of the president and the vice presidents

Year 2014

Unit: NTD per thousand; shares

(except where the market value per share is indicated in NTD)

(3-2) The remunerations of the president and vice presidents (by means of consolidated tally by scale by which to disclose the names)

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Wage (A) (Note 2)</th><th colspan="2">Retire-ment pension (B)</th><th colspan="2">Bonus and special expense etc. (C) (Note 3)</th><th colspan="4">Employee bonus amount in the earnings distribution (D) (Note 4)</th><th colspan="2">The percentage of the total sum of the four items A, B, C and C to the after-tax net return (%) (Note 9)</th><th colspan="2">Employee share pledging certificate count obtained (Note 5)</th><th colspan="2">New share count of restricted employee entitlements acquired (Note 11)</th><th rowspan="3">Whether collecting remuneration from reinvested entities beyond the subsidiaries (Note 10)</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statements (Note 6)</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statements (Note 6)</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statements (Note 6)</th><th colspan="2">The company</th><th colspan="2">All companies in the financial statements (Note 6)</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statements (Note 6)</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statements (Note 6)</th><th rowspan="2">The company</th><th rowspan="2">All companies in the financial statements (Note 6)</th></tr>
<tr><th>Cash bonus amount</th><th>Stock bonus amount</th><th>Cash bonus amount</th><th>Stock bonus amount</th></tr>
<tr><td>Chairman doubling as CEO, also as subsidiary president</td><td>Sung Kao, Hsin-Ming</td><td rowspan="8">39,029</td><td rowspan="8">42,202</td><td rowspan="8">909</td><td rowspan="8">909</td><td rowspan="8">3,412</td><td rowspan="8">3,412</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">11.27%</td><td rowspan="8">12.10%</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">0</td><td rowspan="8">有</td></tr>
<tr><td>Director doubling as president</td><td>Lin, Yue-Yeh</td></tr>
<tr><td>VP</td><td>Huang Zhong-Wen</td></tr>
<tr><td>VP</td><td>Chang Ruei-Ru</td></tr>
<tr><td>VP</td><td>Chen Dian-Ting</td></tr>
<tr><td>VP</td><td>Wei Jian-Ming</td></tr>
<tr><td>VP</td><td>Chen Jian-Tsuen</td></tr>
<tr><td>VP</td><td>Hsieh Ming-Ju</td></tr>
</table>

Remuneration Scale Table

Year 2014

The remunerations dispensed to each individual company president and vice presidents	Name of the president and vice presidents	
	The company (Note 7)	All companies stated in the financial statements (Note 8) (E)
Up to $2,000,000	Nil	Nil
$2,000,000 (inclusive) ~ $5,000,000 (preclusive)	Huang Zhong-wen, Chang Ruei-ru, Chen Dian-ting, Chen Jian-tsuen, Hsieh Ming-ju	Huang Zhong-wen, Chang Ruei-ru, Chen Dian-ting, Chen Jian-tsuen, Hsieh Ming-ju
$5,000,000 (inclusive) ~ $10,000,000 (preclusive)	Sung Kao, Hsin-Ming, Lin, Yue-Yeh, Wei Jian-ming	Sung Kao, Hsin-Ming, Lin, Yue-Yeh, Wei Jian-ming
$10,000,000 (inclusive) ~ $15,000,000 (preclusive)	Nil	Nil
$15,000,000 (inclusive) ~ $30,000,000 (preclusive)	Nil	Nil
$30,000,000 (inclusive) ~ $50,000,000 (preclusive)	Nil	Nil
$50,000,000 (inclusive) ~ $100,000,000 (preclusive)	Nil	Nil
Over $100,000,000	Nil	Nil
Total	8	8

* Regardless of the position, all positions comparable to that of the president and vice presidents (i.e. the chairman, CEO, director and so forth) shall all be disclosed.

* As the content of the remunerations disclosed in the table varies from the concept of income by the Income Tax Law, thus the purpose of the table has been for the purpose of information disclosure, and is not intended for tax levy purpose.

Note 1: The name of the president and vice presidents shall be itemized separately, and their respective payout amounts disclosed in a consolidated manner. The directors doubling as the president or vice presidents shall fill out the table and the preceding table (1-1) or (1-2).

Note 2: Which pertains to entering the most recent year's president and vice presidents' wages, position stipends, resignation payouts.

Note 3: Which pertains to entering the most recent year's president and vice presidents' various bonuses, incentive payouts, travel stipends, special dispensed expenditures, various subsidies, dormitory, car allocation and related tangible supply of goods and other remuneration amounts. When allocating with housing, car, other transportation means or exclusive personal expenditures, it shall disclose the nature of the asset allocated, the actual or market value actuated rent, fuel and other payouts. Also when allocating with a driver, please include in the footnote explaining pertinent remuneration the company pays said driver, but excluding from the remunerations. Company chairman Gao Xin-ming is allocated with one leased company vehicle, which carries a monthly lease at NT$72,857 spanning from Jan. 1, 2014 to Dec. 31, 2014; president Lin Yu-yeh is allocated with one leased company vehicle, which carries a monthly lease at NT$36,667 from Jan. 1, 2014 to Dec. 31, 2014; vice presidents Huang Zhong-wen, Chang Ruei-ru, Chen Dian-ting, Wei Jian-ming and Chen Jian-tsuen are allocated with one leased company vehicle, which carries an average monthly lease at NT$174,858 from Jan. 1, 2014 to Dec. 31, 2014.

Note 4: Which pertains to entering the most recent year's earnings distribution proposal that has been motioned through the management board of the employee bonus amount (including the stock bonus and cash bonus) proposed for distributing to the president and vice presidents, and if unforecastable, the current year's proposed distribution amount is calculated based on the previous year's actual distributed amount in percentage, and the attached table 1~3 shall also be filled out. The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return pertains to the after-tax net return stated in the most recent year's individual entity or individual financial statements.

Note 5: Which pertains to the share pledging count (excluding the executed portion) by the president and the vice presidents with employee share pledging certificates obtains as of the annual report publication date, which is required to enter the table, and also to fill out attached table 15.

Note 6: It is mandated to disclose the total sum of various remunerations dispensed to company president and vice presidents by all companies (including the company) stated in the consolidated financial statements.

Note 7: The total sum of various remunerations the company dispenses to each president and vice president, and disclosing the name of the president and vice presidents that fall within the scale of pay propensity.

Note 8: It is mandated to disclose the total sum of various remunerations dispensed to each company president and vice president by all companies (including the company) stated in the financial statements, and disclosing the name of the president and vice presidents that fall within the scale of pay propensity.

Note 9: The after-tax net return refers to the most recent year's after-tax net return; when adopting the International Financial Statement Reporting Criteria, the after-tax net return refers to the after-tax net return of an individual entity or individual financial statements. All companies (including the company) in the consolidated financial statements have since 2014 begun to adopt the International Financial Statement Reporting Criteria so recognized by the Financial Supervisory Commission. The company's 2014 individual financial statements' after-tax net return is at NT$384,545,000, and the 2014 consolidated financial statements' consolidated total loss or gain is at NT$384,519,000.

Note 10:a.The column shall precisely enter the pertinent remuneration amount company president and vice presidents collect from reinvested entities beyond the subsidiaries.

b.If company president and vice presidents collect pertinent remunerations from reinvested entities beyond the subsidiaries, the remunerations company president and vice presidents collect from reinvested entities beyond the subsidiaries shall be merged into the remuneration scale table column E, and also change the column name to "all reinvested entities".

c.The remunerations pertain to the pay, remunerations, employee bonus and pertinent remunerations on business execution expenditure company president and vice president acts in the capacity as a director, auditor or manager to a reinvested entity beyond the subsidiaries.

Note 11: which refers to the new share count the director acts as an employee (including doubling as the president, vice president, other managers or employee) has acquired with restricted employee entitlements as of the annual reporting [publication date, which requires to enter not only the table, and shall also fill out the attached table 15~1.。

(IV) The name of the mangers distributed with the employee bonuses & the state of the distribution

Year 2014
Unit: NTD per thousand; shares
(Except where the market value of each share is indicated in NTD)

	Position (Note 1 & Note 2)	Name (Note1 & Note 2)	Amount of stock bonus	Amount of cash bonus	Total	Percent of the total amount to the after-tax net return (%)
Managers	Chief executive officer	Sung Kao, Hsin-Ming	0	0	0	0
	President	Lin, Yue-Yeh				
	Vice president	Huang Zhong-Wen				
	Vice president	Chang Ruei-Ru				
	Vice president	Chen Dian-Ting				
	Vice president	Wei Jian-Ming				
	Vice president	Chen Jian-Tsuen				
	Vice president, Finance	Hsieh Ming-Ju				
	Accounting Director	Zhong Chi-Wen				

Note 1: It is mandated to disclose the name and position title, but may have the state of earnings distribution disclosed in a consolidated manner. The company 2014 earnings proposed for allocating as the managers' total employee bonus amount (including the stock bonus and cash bonus) is at NT$0.

Note 2: Which pertains to entering the most recent year's employee bonus amount distributed to the manager in the proposed distribution as motioned through the management board, and if cannot be forecast, the current year's proposed distribution amount is calculated based on the last year's actual allocated amount in percentage. The after-tax net earnings refers to the most recent year's after-tax net earnings; when adopting the International Financial Statement Reporting Criteria, the after-tax net return refers to the most recent year's after-tax net return in an individual entity or individual financial statements.

Note 3: Of the applicable scope of managers, as stipulated under the former Securities and Futures Management Council, Ministry of Economic Affairs March 27, 2003 Taiwan MOF Securities III No. 0920001301 directive, its scope is as follows:

(1)The president and those on the comparable level.
(2)The vice presidents and those on the comparable level.
(3)The senior managers and those on the comparable level.
(4) The finance department executives.
(5)Accounting department executives.
(6)Other individuals empowered with managing company affairs and as authorized signatories.

Note 4: If the directors, president and vice presidents also collect the employee bonuses (including the stock bonus and cash bonus), besides filling out the attached table 1~2, the table also needs to be entered.

(V) Analysis in a comparative explanation on the company and the combined statements of all companies on the amount of remunerations dispensed to company directors, supervisors, president and vice presidents in percentage on the individual or individual financial statements in after tax percentage analysis, and also explain the remunerations policy, standards and combination, remuneration formulation procedure, and its relevancy to the operating performance and future risks

1. Analysis on the most recent years in percentage

Item / Position	The percentage of the total remuneration amount to the after-tax return				Increase (decreased) percentage	
	Year 2013		Year 2014			
	The company	Consolidated statements on all companies	The company	Consolidated statements on all companies	The company	Consolidated statements on all companies
Directors	7.95%	8.91%	4.87%	5.34%	(3.08%)	(3.57%)
Supervisors	0.42%	0.43%	0.38%	0.38%	(0.04%)	(0.05%)
President and vice presidents	19.31%	21.09%	11.27%	12.10%	(8.04%)	(8.99%)

Of the reduction in the percentage of the total remuneration amount dispensed to company directors, supervisors, president and vice presidents in year 2014 company and consolidated stations on all companies to the after-tax return than that in 2013 has mainly stemmed from an after-tax return increase on the company's 2014 individual and consolidated financial reports, resulting in a drop in the percentage.

2. The company's remunerations policy, standards and combination, remuneration formulation equation, and its relevancy to the operating performance and future risks

(1) The remuneration payout policy, standards and combination:

1) Of the company directors and supervisors remuneration payout, as stipulated under article 20 of company articles of incorporation, the management board is to formulate an earnings distribution proposal, which is presented for voting before the shareholders' meeting. Of the directors, supervisors attendance travel stipends and the managers' wage remunerations, it is reviewed and finalized by the wage remuneration council, and voted before the management board.

2) The president and vice presidents' remunerations are divided into the wages, bonuses and earnings distribution on the employee bonuses, where the wages and bonuses are reviewed and finalized by the remuneration review council, and voted before the

management board. The employee bonuses are determined per company operating status and as stipulated by company articles of incorporation, and the pay package is voted before the management board and presented for voting before the shareholders' meeting.

(2) The remuneration formulation procedure:

The company directors and supervisors travel allowance stipends and the president and the vice presidents wage remunerations are reviewed and finalized by the wage remuneration council, and voted before the management board.

(3) Its relevancy to the operating performance and future risks:

1) Of company directors and supervisors who are entitled to the meeting attendance travel allowance stipends, the rest of whose remunerations are tied to the earnings status in company operating performance by which to distribute the remunerations.

2) The president and vice presidents remunerations heed to their performance as the basis of wage adjustment per the company performance evaluation and management measures, and the employee bonuses are determined by the management board based on the earnings status and per the distribution percentage defined in company articles of incorporation, and are presented before the shareholders' meeting for finalization.

4. Implementation of Corporate Governance

4.1 Board of Directors

A total of 13 meetings of the board of directors were held in the previous period. The directors' attendance status is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Remarks
Chairman	Ji Shuan Investment Co. Representative: Sung Kao, Hsin-Ming	13	0	100%	Re-elected on June 11, 2013
Director	Ji Shuan Investment Co. Representative: Chuang, Yen-Shan	4	8	31%	Re-elected on June 11, 2013
Director	Yi Wei Investment Co. Representative: Lin, Yue-Yeh	12	1	92%	Re-elected on June 11, 2013
Independent Director	Wu, Chung-Pao	12	1	92%	Re-elected on June 11, 2013
Independent Director	Lu, Zong-Jenn	11	2	85%	Re-elected on June 11, 2013

Other matters to be disclosed：

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:
   (1) At the board meeting convened on January 4, 2014, Chairman Sung Kao Hsin-Ming and Director Lin, Yue-Yeh recused themselves from the discussion and voting of their compensation resolutions.
   (2) At the board meeting convened on March 7, 2014, Director Lu, Zong-Jenn recused himself from the discussion and voting of Compensation Committee members resolutions.
   (3) At the board meeting convened on August 12, 2014, Chairman Sung Kao Hsin-Ming and Director Lin, Yue-Yeh recused themselves from the discussion and voting of their compensation resolutions.
   (4) At the board meeting convened on September 26, 2014, Chairman Sung Kao Hsin-Ming recused herself from the discussion and voting of the resolution of accounts receivables of SOPOWER Technology Corp.
3. Measures taken to strengthen the functionality of the Board:
   (1) Strengthen the functionality of the Board:
   The Company has implemented the "Board of Directors Meeting Rules" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies."
   To reinforce corporate governance, the Company provides continuing education/training programs to directors to strengthen their knowledge and capabilities on corporate governance.
   (2) 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 relevant laws. The Company's business performance and product information are also made accessible to the public on its website.

(II) Audit Committee or Attendance of Supervisors for Board Meeting

1. Audit Committee: Not applicable.

2. Attendance of Supervisors for Board Meeting

A total of 13 meetings of the board of directors were held in the previous period. The supervisors' attendance status is as follows:

Title	Name	Attendance in Person （B）	Attendance Rate in Person (%)（B/A）(Note)	Remarks
Supervisor	MA, Kuo-Peng	13	100%	Re-elected on June 11, 2013
Supervisor	Cheng, Jin-Chuan	13	100%	Elected on June 11, 2013
Supervisor	Hsiao, Ming-Chih	13	100%	Re-elected on June 11, 2013

Other matters to be disclosed：

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.):

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.

(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.):

Supervisors regularly communicate with CPA to be fully informed of the Company's audited financial statements and accounting principles. The internal auditors also regularly report to supervisors on the functioning of internal controls, which provides supervisors with sufficient overview of the Company's operations.

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

4.3 Corporate Governance Implementation and its Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Item	Implementation Status	Non-implementation and Its Reason(s)
1. If the company has established corporate governance policies based on “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies 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 disclosed on the Market Observation Post System and the Company’s website, which can be easily accessed by shareholders and the public.	None
2. Shareholding Structure and Shareholders’ Rights (1) Method of handling shareholder suggestions or complaints (2) The company’s possession of a list of major shareholders and a list of ultimate owners of these major shareholders (3) Risk management mechanism and “firewall” between the company and its affiliates (4) Internal regulation to prevent insider trading	(1) The Company has appointed a spokesperson, a PR person and stock affair specialists to handle shareholder suggestions or complaints. In addition, the Company also established columns for shareholders and stakeholders on its website to facilitate the communication. (2) The Company tracks the shareholdings of major shareholders by its designated department and persons and report to the competent authority in accordance with relevant regulations. (3) The company and each of its affiliated enterprises operate independently from each other. The subsidiaries are governed by the internal control system, the "Finance and Business Policy for Group Members and Related Parties," and the "Subsidiary Management Policy." (4) The company has established “Information Disclosure and Insider Trading Prevention Procedure” and “Ethical Corporate Management Principle” and addressed them to insiders regularly through educational programs.	None

3. Composition and Responsibilities of the Board of Directors (1) The diversity of board members (2) The establishment of other functional committees beside of Compensation Committee and Audit Committee (3) Board Performance Evaluation and Director Appraisal (4) Regular evaluation of external auditors' independence	(1) The Company has established "Corporate Governance Practical Rules" specifying that the composition of board of directors should consider the diversity of knowledge and capabilities. Our directors has specialties in different domains, such as operation, accounting and management that fulfills our operation needs. (2) Beside Compensation Committee, the Company has not established other functional committees. We may establish other committees upon future operation or management needs. (3) The Company has established "Board Performance Evaluation Rules" specifying the obedience of board discussion and the indexes regarding convention of board meetings, attendance status and continuing education/training status. The evaluation is performed after the year end according to the indexes specified. (4) The Company regularly evaluates the independence of external auditors, examining whether they are directors, supervisors, shareholders of the Company. External auditors should avoid conflicts of interest, and its rotation should follow relevant rules.	None
4. Communication Channel with Stakeholders	The Company has designated PR Department to handle stakeholders' complaints	None

	and suggestions promptly. The Company also set up Stakeholder Center on its website that the issues brought up by stakeholders will be handled and replied on a case by case basis, as needed.	
5. Share Transfer Agent and Registrar	In addition to its own stock affairs specialists, the Company also has appointed "KGI Securities" as the share transfer agent and registrar.	None
6. Information Disclosure (1) Establishment of a corporate website to disclose information regarding the Company's financials, business and corporate governance status (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)	(1) the Company's financials, business and corporate governance status are published on the Market Observation Post System regularly. The Company fully discloses business and financial information on its official website, including monthly revenue, financial statements, corporate governance, etc. (2) The Company has designated a responsible person of Finance & Accounting Division to handle information collection and disclosure and has appointed a spokesperson.	None
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' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors):	(1) Employee rights: The process of recruitment is open and fair. Employees are provided with benefits such as health checkups and insurance. The rights of handicapped and aboriginal employees are under well protection. (2) Employee wellness: The Company provides employees with a fair working environment and an organized training system for career development. (3) Investor relations: The Company has devoted to enhance internal communication and informatization. Meanwhile, a platform to communicate with investors and to improve transparency has been established as a mechanism of dual communication between investors and the management. (4) Supplier relations: To fulfill the social responsibility, the Company has assisted suppliers to build up environmental protection, safety and hygiene management system, industrial safety evaluation rules and high-risk operations skills certification system. (5) Rights of stakeholders: "Related-party Transaction Procedure" has been	None

	established to protect the Company's and stakeholders' rights. Purchase Agreements are signed with all suppliers to assure mutual relationship and rights. (6) Directors' and supervisors' training records: The Company provides directors and supervisors with information concerning regulatory requirements and developments from time to time. Directors and supervisors also attend training programs on corporate governance topics. (7) Implementation of risk management policies and risk evaluation measures: Internal control system, managing regulations and accounting systems are established and implemented under supervision of internal auditors, board of directors and supervisors. (8) Customer relations policies: The Company has obtained ISO 9001 and ISO 14001 certification and continuously provides products and services in a high quality. Strict compliance with contracts and customers' rights are assured. (9) Purchasing insurance for directors and supervisors: From 2014 the Company has taken out liabilities insurance for directors, supervisors and officers pursuant to the shareholder resolution, which can reduce risks resulting from fault and misconduct by directors, supervisors and officers.	
8. If the company has 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:	(1) The Company occasionally examines and evaluates its corporate governance status and performs self corporate governance at least once a year. For the year 2014 the Company issued a self corporate governance evaluation report and presented to board of directors. The Company may authorize other professional organization to conduct an evaluation in the future as needed. (2) The Company has not yet modified the directors election and nomination mechanism and established Audit Committee in 2014. An alteration of Articles of Incorporation regarding the abovementioned will be proposed to shareholders' meeting of 2015 to refine corporate governance and strengthen supervision and management functions.	None

4.4 Composition, Responsibility and Operations of Compensation Committee

1. Information on Compensation Committee Members

104 年 3 月 30 日

Title (Note 1)	Name	Meet the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note 2)								Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member in Taiwan	Remarks (Note 3)
		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 Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for he Business of the Company	Have Work Experience in the Area 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	Wu, Chung-Pao	Nil	Nil	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A
Independent Director	Lu, Zong-Jenn (Note 4)	Nil	Nil	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	N/A
Director	Chuang, Yen-Shan (Note 5)	Nil	Nil	✓	✓	Nil	✓	✓	✓	✓	Nil	✓	0	Yes
Other	Chao, Rong-Shiang	Nil	Nil	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	N/A

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, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company or ranks as one of its top five shareholders;

(6) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares 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 been a person of any conditions defined 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 Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

Note 4: Independent Director LU, ZONG-JENN started to hold office since March 19, 2014.

Note 5: Director CHUANG, YEN-SHAN ceased to hold office after March 18, 2014.

2. The Compensation Committee’s duty is to establish and review the evaluation and compensation policies of the Company’s directors of the board, supervisors and executives and to report its suggestions to the board of directors.

3. Information on Operations of Compensation Committee

(1) The Compensation Committee consists of 3 members.

(2) The term of current committee: From June 20, 2013 to June 10, 2016. In 2014, 3 meetings were held. The Committee members' attendance status is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%) (B/A)(Note)	Remarks
Chairman	WU, CHUNG-PAO	3	0	100%	Re-elected on June 20, 2013
Member	CHUANG, YEN-SHAN	0	0	0%	Ceased to hold office on March 18, 2014
Member	LU, ZONG-JENN	3	0	100%	Elected on March 19, 2014
Member	CHAO, RONG-SHIANG	3	0	100%	Re-elected on June 20, 2013

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.

Note: A change of members of Compensation Committee occurred on March 18, 2014. Mr. Chuang, Yen-Shan ceased to hold office since March 18, 2014, and Mr. LU, ZONG-JENN started to hold office since March 19, 2014.

4.5 Implementation of Social Responsibility

Item	Implementation Status	Deviation from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reason(s)
1. Implementation of Corporate Governance (1) Corporate social responsibility policy and performance evaluation (2) Regular training and promotion of corporate ethics (3) Dedicated organization for the promotion and execution of corporate social responsibility (4) Integration of corporate social responsibility with the employee performance appraisal system	(1) The Company has corporate social responsibility best practices principles and continues to carry out corporate social responsibility in the spirit of "Integrity, Careness, Profession, Innovation, Dedication and Cooperation." The Company begins to receive guidance for recognition from 2015 to further fulfill its corporate social responsibility. (2) Information on corporate social responsibility is promoted through various channels, including meetings, internet or training programs on topics such as regulatory compliance, information safety, environmental protection, industrial safety and hygiene management. (3) Executive Strategy Group is responsible for corporate social responsibility planning and implementation. Executions carried out by all departments are in compliance with corporate social responsibility best practices principles. Executive Strategy Group examines execution results, issues corporate social responsibility report and presents to the board of directors. (4) The compensation and benefits policies are established by Human Resource & Administration Division and Compensation Committee, which are designed to maintain the Company's competitiveness in employee recruiting and retention. The Company's reward and discipline system are linked to yearly performance appraisal which affects employees' salary raise and promotion. In 2014, the Company was selected to be one of the component stocks of "Taiwan High Compensation 100 Index", reflecting the fulfillment of corporate social responsibility and profitability.	None
2. Sustainable Environment Development (1) Commitment to improving resources utilization and the use of renewable materials (2) Environmental management system designed to industry characteristics (3) Company strategy for climate change, energy conservation and greenhouse gas reduction	(1) The Company has launched the first "Solar battery partial selected emitter laser processing machine" in Taiwan which can improve the efficiency of solar batteries. The implementation of electronic document system and the adoption of LED lighting and inverter air conditioners also contribute to energy efficiency and carbon reduction. (2) The Company has obtained ISO 9001 and ISO 14001 certification and implemented OHSAS 18001. Policies in relation to safety management are established as required by government, such as Safety in Production Rules, Personal Protective Equipment Management Rules and Emergency Response Rules. (3) To minimize the impact of operations on the environment, the Company has adopted a series of practices, such as LED lighting adoption, chillers adjustment, chilled water pumps replacement, etc.	None
3. Promotion of social welfare (1) Compliance with labor regulations,	(1) The Company strictly complies with government laws and regulations. The process of	None

Item	Implementation Status	Deviation from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reason(s)
international recognized human right principles, and appropriate management measures and procedures	recruitment is open and fair. The rights of handicapped and aboriginal employees are under well protection.	
(2) Mechanism and channels of employee appeals	(2) Employees can express their opinions through internal communication. Multiple channels are maintained for employee appeals, including direct contact with supervisors, employee communication mail box and quarterly tea parties. Sexual harassment complaints are processed according to Sexual Harassment Prevention Policy. Employees are well-informed of relevant information and events through internal website and newsletter.	
(3) Safety and health in working environment, and the condition for providing periodical safety and health training to employees	(3) The Company provides a fair, appropriate and safe working environment to employees in compliance with government laws and regulations. The physical working environment is examined every year to ensure a healthy environment. Breastfeeding rooms are provided to meet female employees' needs. To enhance knowledge of health and to prevent occupational injuries, health checkups and seminars are regularly held.	
(4) Mechanism of periodical communication with employees, and reasonable notice measures regarding significant operational changes which might cause significant impacts to employees	(4) Employees can express their opinions through tea parties and employee communication mail box. Employees are well-informed of relevant information and events through internal website and newsletter.	
(5) Effective capabilities development program for employees	(5) Different employee career development structure and capabilities training programs are designed based on the function and the level of employees. Employee trainings are achieved through subsidies, authorization, on-job instructions and coursed.	
(6) Consumer rights policy and consumer complaints processing procedure	(6) The Company has established "After-Sales Services Procedure," "Customer Satisfaction Procedure," "Returned Goods and Customer Complaints Procedure," and "Prevention and Correction Procedure." When a customer complaint is filed, the responsible department follows relevant procedures and takes appropriate actions. The Company strictly complies with contracts signed with customers and dedicates to build up mutual communication mechanism with customers.	
(7) Compliance with products and services marketing and labeling regulations and international standards	(7) The Company has obtained ISO 90001 certification, and the product labeling follows "Outgoing Product Control Procedure" and "Outgoing Product Inspection Standard." Government regulations and industry standards are complied with to assure the quality of products and services.	
(8) Evaluation of suppliers	(8) The Company evaluates suppliers according to "Suppliers Control Procedure" and investigates into suppliers' social responsibility status and records before deal. Tracks and appraisals are performed periodically after deal. The Company has also assisted suppliers to build up environmental protection, safety and hygiene management system, industrial safety evaluation rules and high-risk operations skills certification system.	

Item	Implementation Status	Deviation from “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s)
(9) Actions taken when major suppliers violate corporate social responsibility policy	(9) Any contract signed with major suppliers has to be previewed by legal personnel. Suppliers violating corporate social responsibility policy will be debarred from future cooperation.	
4. Enhancement of Information Disclosure (1) Disclosure of corporate social responsibility related information with significance and reliability	The Company has disclosed relevant information on the official website and published on the Market Observation Post System in accordance with regulations.	None
5. If the company has established its corporate social responsibility code of practice according to “Listed Companies Corporate Social Responsibility Code of Practice,” please describe the operational status and differences: The company has established and implemented the corporate social responsibility code of practice accordingly.		
6. Other important information to facilitate better understanding of the company’s implementation of corporate social responsibility: The information of the Company’s implementation of corporate social responsibility has been disclosed in “Corporate Social Responsibility Report” published on the official website.		
7. Other information regarding “Corporate Social Responsibility Report” which is verified by certification bodies: None		

4.6 Implementation of Corporate Conduct and Ethics

Item	Implementation Status	Deviation from “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s)
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) The company’s guidelines on corporate conduct and ethics are provided in internal policies and disclosed publicly. The Board of Directors and the management team demonstrate their commitments to implement the policies. (2) The company establishes relevant policies for preventing any	(1) “Integrity, Careness, Profession, Innovation, Dedication and Cooperation” is the Company’s most important core value. The Company has established the Code of “Ethics and Business Conduct” and is committed to acting ethically in all aspects of our business. For conflicts of interest avoidance, directors must recuse themselves from discussion and voting on issues in which they have a direct personal or pecuniary interest. (2) The Company has established the Code of “Ethics and Business Conduct” and formed the corporate culture based on integrity. The prevention of unethical conduct and its penalty are clearly stated in the Company’s service regulation, employment contract and Reward and Discipline Policy. The Company also provides employee appealing mechanism that accepts complaints through a mail box. (3) The Company is in compliance with “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies.” The management regularly audits and reviews the	None

Item	Implementation Status	Deviation from "Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies" and reason(s)
unethical conduct. The implementation of the relevant procedures, guidelines, disciplines and appealing mechanism are provided in the policies. (3) The company establishes appropriate measures for preventing bribery and illegal political contribution for higher potential unethical conduct in the relevant policies.	compliance status to prevent unethical conduct. For higher potential unethical conduct, promotion on ethics is addressed to employees and related persons. Any delivery of gifts has to be cautiously evaluated and approved.	
2. Corporate Conduct and Ethics Compliance Practice (1) The company shall prevent doing business with whomever has unethical records and include business conduct and ethics related clauses in the business contracts. (2) The company sets up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics. The board of directors supervises such execution and compliance of the policies. (3) The company establishes policies to prevent conflicts of interest and provides appropriate communication and complaint channels. (4) The company establishes effective accounting and internal control systems for the implementation of policies, and the internal auditors	(1) The Company performs credit verification on new suppliers, vendors and partners to understand their ethical records. All business contracts have to be previewed by the legal personnel and contain clauses of contract termination and penalty as a result of unethical conduct. (2) The Company follows the Code of "Ethics and Business Conduct" that internal auditors regularly audit transactions to find out whether transactions are in compliance with internal control system and report to directors and supervisors at board meetings. (3) Directors must recuse themselves from discussion and voting on issues in which they have a direct personal or pecuniary interest. (4) The company has established accounting and internal control systems, and the systems are reviewed at all times to ensure conformation with regulations and operation needs. Internal auditors regularly audit the execution and report to the board of directors.	None

Item	Implementation Status	Deviation from “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies” and reason(s)
audit such execution and compliance. (5) Internal and external training programs on corporate conduct and ethics	(5) The Company regularly promotes corporate conduct and ethics policies, principles and corporate values to employees. The results of unethical conduct are will be carried out according to a clear and effective reward and discipline mechanism.	
3. Operational Status of Reporting Mechanism (1) The company establishes reporting and reward system as well as convenient reporting channels and designates an appropriate person in charge (2) The standard of procedure for processing ethical irregularities reporting and the confidentiality (3) Measures to protect reporters	(1) Ethical irregularities can be reported through employee communication mail box or email. Sexual harassment complaints are processed according to Sexual Harassment Prevention Policy by Human Resource & Administration Division and relevant department. Internal auditors regularly perform audits on operation activities to prevent fraud or misconduct. In addition, personnel who violates corporate conduct and ethics will be judged according to the reward and discipline system, and the results will be announced on internal website. (2) In order to solve problems at work, communicate and improve efficiency, a mail box has been maintained to receive employee opinions and complaints. The procedure of reporting includes: A. An employee can file complaints in writing for any suggestions on the Company’s policies and administrative measures, or any impairment to employees’ rights and improper treatment without reasonable responses from his department. B. The appeal should be sealed up and delivered to the President directly by Human Resources & Administration Division in confidential class. The investigation on the reporting should be processed cautiously and kept confidential. Sexual harassment complaints are processed according to Sexual Harassment Prevention Policy. (3) The opinions received through employee communication mail box directly go to the top management. The process of reporting is under control of the Company’s information safety system. Violation of confidentiality will be judged according to the reward and discipline system.	None
4. Information Disclosure (1) Disclosure of corporate conduct and ethics policies and such execution on the company’s website and the Market Observation Post System	The Company has disclosed information of corporate conduct and ethics on the official website and published on the Market Observation Post System.	None
5. If the company has established the Code of “Ethics and Business Conduct” based on “Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation: The Company has established and implemented the Code of “Ethics and Business Conduct” accordingly.		
6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices:		

Item	Implementation Status	Deviation from "Corporate Conduct and Ethics Best Practice Principles for TWSE/GTSM Listed Companies" and reason(s)
(1) The Company provides promotion and training programs on service regulations to employees to facilitate employees' better understanding of the Company's determination, policies, prevention measures on corporate conduct and ethics as well as the results of violation. (2) Suppliers, vendors and partners are required to follow the Company's service regulation and to report the violation or unethical conduct of the Company's employees. (3) Please refer to the section of "Implementation of Corporate Social Responsibility" in this annual report and "Corporate Social Responsibility Report" on the official website for more information.		

4.7 Principles and relevant regulations on corporate governance of the Company can be found at the official website http://www.micb2b.com. Please refer to the section of "Implementation of Corporate Governance" in this annual report.

4.8 Other important information to facilitate better understanding of the company's corporate governance: None

(IX) Internal control system execution

1. Internal control statement

Marketech International Corp.
Internal Control Statement

Date: February 24th, 2015

Based on the results of examination from the 2014 internal control system of the company, the following are stated:

I. The company is ascertain of the establishment, implementation and maintenance of the internal control system of the company in terms of the responsibilities of the board of director and the managers as the company has already established such system. The objective is to offer a reasonable guarantee to goal-achievement of the results and efficiency of the operations (including the profitability, performance and the guarantee of the assets' security), the reliability of the financial reports and the compliance of related law and regulations.

II. There are still natural limitations of the internal control system regardless of the comprehensiveness of the design. The effectiveness of the internal control system can only provide reasonable guarantees to the goal-achievement of the three aforementioned objectives; also, due to the environmental and situational changes, the effectiveness of the internal control system may alter. Still, the internal control system of the company is set with a self-supervision mechanism. Once the defect is detected, the company will adopt a corrective action for modification.

III. With the reference of the content of determination within the "Guidelines of the Internal Control System of Public Company" (hereinafter referred to as "the Guideline"), the effectiveness of the design and the implementation of internal control system shall be determined. The items of determination for the internal control system within the guideline are classified into five constituents based on the process of the control system: 1. Environmental control; 2. Risk assessment; 3. Control operations; 4 IT and communication; 5. Supervision. Each constituent would contain several other items. For the aforementioned items, please refer to the regulations of the Guideline.

IV. The company has already adopted the aforementioned items of determination for the internal control system as to inspect the effectiveness of the design and implementation of the internal control system.

V. Based on the results of the aforementioned inspection, understanding the internal control system of December 31st, 2014 (including the supervision and control of the affiliated companies), including the effectiveness of the design and implementation in terms of the degree of achievement of the effects and effectiveness of the operations, the reliability of the financial reports and the compliance of the related regulations, the achievement of the aforementioned goals can be reasonably guaranteed.

VI. This statement will become the main content of the annual report of the company and an open statement for the public. In the event of any faking or illegal situations of the aforementioned content, it shall be obliged with the legal responsibilities stated in Article 20, 32, 171 and 174 of Securities and Exchange Act.

VII. This statement was approved by the board on February 24th, 2015 with the presence of five directors without any objection. The rest also agreed with the content of the statement.

Marketech International Corp.

Chairman of the board: Sung Kao, Hsin-Ming
Signature:

General Manager: Lin, Yue-Yeh
Signature:

2. Accountant is entrusted to inspect the internal control system shall disclose the inspection reports of the accountant: None.

(10) For the last date of the annual report printing of the closest year, there is punishment, main defect and improvement situations for the internal staff due to violation of the law or internal control regulations: None.

(11) For the last date of the annual report printing of the closest year, there were important resolutions of the shareholders and board of directors.

Date	Board of Directors/Shareholders	Resolutions
2014/01/04	Board of Directors	1. Approved the resolution of Compensation Committee on 2013 manager performance bonus appointment.
2014/03/07	Board of Directors	1. Approved 2013 Individual and Consolidate Financial Report. 2. Approved the Accountant appointment, LIN, JUN-YAO and CHANG, SHU-CHUAN from PwC, to conduct the financial review. 3. Approved the Compensation Committee Member Alteration. 4. Approved the 2013 Operation Report. 5. Approved the 2013 Internal Management Statement. 6. Approved the amendment of the Article of Association. 7. Approved the Asset Disposition or Acquisition Procedure. 8. Approved t he amendment on Corporate Endorsement Procedure. 9. Approved the amendment on Loan borrowing Procedure Amendment. 10. Approved the 2013 Profit Appointment. 11. Approved the date, place and the cause of 2014 Shareholders Annual Meeting. 12. Approved the bank credit guarantee by the company to the subsidiary company.
2014/04/09	Board of Directors	1. Approved the issuance of employee stock option certificate. 2. Approved the amendment of Loan Giving Procedure. 3. Approved the 2013 Profit Appointment Procedure and the Director and supervisor Compensation System.
2014/05/09	Board of Directors	1. Approved the investment on MIC-Tech Electronics Engineering Corp. for 3,000,000 US dollars. 2. Approved the bank credit guarantee by the company to the subsidiary company. 3. Approved the amendment of the Article of Association.
2014/06/12	Board of Shareholders	1. Approved the 2013 Operation Report and Financial Statement. 2. Approved the 2013 Profit Appointment. 3. Approved the amendment of the Article of Association. 4. Approved the Asset Disposition or Acquisition Procedure. 5. Approved the amendment on Loan borrowing Procedure Amendment. 6. Approved t he amendment on Corporate Endorsement Procedure.
2014/06/12	Board of Directors	1. Approved the dividends appointment base date. 2. Approved the bank credit guarantee by the company to the subsidiary company. 3. Approved the bank credit. 4. Approved the investment on Frontken-MIC (WuXi) Co., Ltd. for 160,000 US dollars.
2014/06/24	Board of Directors	1. Approved the participation into Taipei Cloud Industry Park and Parking Lot BOT.
2014/07/17	Board of Directors	1. Approved the loan for subsidiary company, MIC-Tech VietNam Co.,Ltd.
2014/08/12	Board of Directors	1. Approved the bank credit guarantee by the company to the subsidiary company. 2. Approved the loan for subsidiary company,MIC-Tech Viet Nam Co.,Ltd. 3. Approved the resolution of the Compensation Committee on 2013 bonus appointment for directors and supervisors and 2014 bonus appointment for managers.
2014/09/04	Board of Directors	1. Approved the investment on Myanmar subsidiary company establishment for 2,000,000 US dollars. The temporary company name is Marketech Integrated Manufacturing Co., Ltd. 2. Approved the bank credit guarantee by the company to the subsidiary company.
2014/09/26	Board of Directors	1. Approved the overdue account receivable of SOPOWER Technology Corp. transferred to other account receivable.

Date	Board of Directors/Shareholders	Resolutions
2014/10/26	Board of Directors	1. Approved the endorsement on the subsidiary company, Marketech International Sdn. Bhd. 2. Approved the investment on MIC-Tech China Trading (Shanghai)Co., Ltd.. 3. Approved the Disposal on Sumitomo Commercial. 4. Approved the 2014 Certified Accountant Independent Report. 5. Approved Corporate Management Regulation. 6. Approved the Corporate Integrity and Ethics Code. 7. Approved the CSR of the Company. 8. Approved the Corporate Ethics Codes. 9. Approved the Insider Trading Prevention Procedure.
2014/11/12	Board of Directors	1. Approved the bank credit guarantee by the company to the subsidiary company. 2. Approved the release on loan borrowing to MIC-Tech Viet Nam Co.,Ltd.
2014/12/24	Board of Directors	1. Approved the 2015 Internal Supervision Plan. 。 2. Approved the Internal Management and Supervision Mechanism. 3. Approved the Accounting Procedure. 4. Approved the Management Protocol 5. Approved Corporate Ethics and Integrity Code. 6. Approved the CSR of the Company. 7. Approved the Corporate Ethics Codes. 8. Approved the Insider Trading Prevention Procedure Amendment. 9. Approved the Trading Procedure for Specific Company or Party. 10. Approved the amendment on Corporate Work Code 11. Approved the release of the endorsement for Marketech International Sdn. Bhd. 12. Approved the bank credit guarantee by the company to the subsidiary company. 13. Approved the Annual Bank Loan. 14. Approved 2015 Individual and Consolidate Financial Report. 15. Approved the Employee stock option certificates Procedure. 16. Approved the STSP branch Equipment investment. 17. Approved the Real Estate Investment by subsidiary company. 18.Approved the purchase on the shares of Taicang Jianrui Photoelectric Technology Co. Ltd.
2015/01/23	Board of Directors	1. Approved the resolution of Compensation Committee on 2014 manager performance bonus appointment. 2. Approved the adjusting on meal subsidy. 3. Approved the purchase on the shares of Taicang Jianrui Photoelectric Technology Co. Ltd. Approved the SGD investment on Marketech International Sdn Bhd. for 1,000,000 dollars. 5. Approved the disposition on the shares of True Victor International Limited. 6. Approved the investment on Advancing Antenna Technology. 7. Approved the bank credit guarantee by the company to the subsidiary company.
2015/02/03	Board of Directors	1. Approved revocation of the bank credit guarantee by the company to the subsidiary company. 2. Approved the bank credit guarantee by the company to the subsidiary company. 3. Approved the investment on MIC-Tech Global Corp for 82,225 US dollars.
2015/02/24	Board of Directors	1. Approved 2014 Individual and Consolidate Financial Report. 2. Approved the 2014 Profit Appointment. 3. Approved 2014 Operation Report. 4. Approved the amendment of the Article of Association. 5. Approved the amendment of Corporate Endorsement Procedure. 6. Approved the date, place and the cause of 2015 Shareholders Annual Meeting. 7. Approved the 2014 Internal Management Statement. 8. Approved the Corporate Ethics Codes. 9. Approved 2015 Certified Accountant Independent Report.
2015/04/29	Board of Directors	1. Approved the bank credit guarantee by the company to the subsidiary company. 2. Approved the bank credit of the Company. 3. Approved the Board of Directors Performance Appraisal Procedure. 4. Approved the shareholder construction alteration on Marketech Integrated

Date	Board of Directors/Shareholders	Resolutions
		Manufacturing Company Limited.

(12) For the last date of the annual report printing of the closest year, there were disagreements with recorded or written statements for the passing of important resolutions by the directors or supervisors. The main content consists: None.
(13) For the last date of the annual report printing of the closest year, the compilation of the resignations and dismissals of director of the board, president, accounting supervisor, financial supervisor, internal auditing supervisor and R&D supervisor: None.

V. Information Regarding the Company's Audit Fee and Independence

Name of the Accountant's firm	Accountant's name		Auditing period	Note
PWC Taiwan	Lin, Jun-yao	Zhang Shuqiong	103.01.01~103.12.31	None

Note: If there is any change of accountant or accounting firm in the year, the inspection period shall be listed separately and specified the reason of the change in the column of "Note."

Unit: NTD/thousand

Amount \ Public expense		Audit Fee	Non-audit Fee	Total
1	Below 2,000	0	0	0
2	2,000 (included) ～4,000	0	0	0
3	4,000 (included)～6,000	5,745	0	5,745
4	6,000 (included)～8,000	0	0	0
5	8,000 (included)～10,000	0	0	0
6	Above 10,000 (included)	0	0	0

Note: Audit fee refers to the payment for the certification of the auditing, revision and tax certification for the accountants.
(1) If the audit fee is above 1/4 in terms of the payment to the accountants, the firms that the accountants belong to and the non-audit fee of the affiliated companies, the audit fee and non-audit fee amount as well as the content of the non-audit service shall be disclosed:
There is no such situation.
(2) If there is a decrease of audit fee in comparison to the audit fee of the previous year or the changing of accounting firm, the audit fee amount and reason of the year and the previous year shall be disclosed:
There is no such situation.
(3) If the audit fee is less than more than 15 percent comparing to the one of the previous year, the reduced amount of the audit fee, the proportion and the reason shall be disclosed:
There is no such situation.

VI. Information on Replacement of Certified Public Accountant

If there is any change in terms of the accountant in the latest two years and the previous year, the following items shall be disclosed.

(I) About the previous accountant

<table>
<tr><td>Date of change</td><td colspan="4">March 7th, 2014</td></tr>
<tr><td>Reason of the change and description</td><td colspan="4">Due to the structural organizational adjustment of PricewaterhouseCoopers Taiwan, the company certification accountant of 2014 is changed to Lin, Jun-yao and Zhang Shuqiong.</td></tr>
<tr><td rowspan="3">Description of the termination or non-appointment of the entrustee or accountant</td><td colspan="2">Party
Situation</td><td>Accountant</td><td>Appointed to</td></tr>
<tr><td colspan="2">Active termination of appointment</td><td colspan="2" rowspan="2">Not avaliable</td></tr>
<tr><td colspan="2">No further appointment is accepted (continued)</td></tr>
<tr><td>Reason and opinion of approved audit report without further opinion of the latest two years</td><td colspan="4">Not avaliable</td></tr>
<tr><td rowspan="6">Disagreement with the publisher</td><td rowspan="4">YES</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial report</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedure</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td>Description</td><td colspan="3">Not avaliable</td></tr>
<tr><td>Other disclosure
(The discloser shall be included based on Article 10.5(4) of the Guideline</td><td colspan="4">None</td></tr>
</table>

(2) About the successor-account

Firm name	PricewaterhouseCoopers Taiwan
Accountant name	Lin, Chun-Yao & Chang, Shu-Chiung
Appointment date	March 7th, 2014
For the accountant of particular transaction before the appointment, the management approach or accounting principles and the counselling and results of the approval of the financial report.	Not avaliable
Written opinions of the successor-accountant against the previous accountant.	Not avaliable

(3) Reply of the previous accountant towards Article 10 Paragraph 5 Item 1 and 2-3 of “Guidelines of Mandatory Recordings in the Annual Report of the Public Company”.

VII. The Chairman, President and the Manager in charge of finance or accounting matters who has worked for the independent auditor or related parties in the most recent year

VIII. Information on shareholding transfer and pledge by Directors, Supervisors, Department Heads and Shareholders with over 10% shareholding in the most recent year and up to the printing of the annual report

(1) The equity changes or modification of pledge of the directors, supervisors, managers and shareholders with more than 10% of the shares.

Unit: share

Title (Note 1)	Name	2014		Till March 30th, 2015	
		The possession of no. of shares	The possession of no. of pledged shares	The possession of no. of shares	The possession of no. of pledged shares
Director (two seats)	Jia Shuan Investment Company (Note 2)	0	0	0	0
Director	Yi Wei Investment Company	0	0	0	0
Independent director	Wu, Tsong-bao	0	0	0	0
Independent director	Xiao, Rong-cheng	0	0	0	0
Supervisor	Ma, Guo-peng	0	0	0	0
Supervisor	Xiao, Min-chih	0	0	0	0
Supervisor	Cheng, Chin-chuan	0	0	0	0
Chairman and Chief Executive Officer	Gao, Shin-ming	0	0	0	0
General Manager	Lin, Yu-yeh	(138,000)	0	0	0
Vice General Manager	Huang, Tsong-wen	0	0	0	0
Vice General Manager	Zhang, Ruei-Ru	0	0	0	0
Vice General Manager	Chen, Tian-ting	0	0	68,000	0
Vice General Manager	Wei, Chian-ming	0	0	0	0
Vice General Manager	Chen, Chian-tu	0	0	0	0
Vice General Manager and Financial Supervisor	Hsieh, Ming-chu	0	0	0	0
Accounting Supervisor	Zhong, Chi-wen	(5,000)	0	0	0

Note 1: Person with more than 10% of the shares shall be specified as the biggest shareholder of the company and listed separately.

Note 2: Ji Shuan Investment Company has more than 10% of the shares which makes it the biggest shareholder.

(2)Equity transfer

Directors, supervisors, managers and other shareholders with more than 10% of shares have no right to transfer the equity to other persons.

(3) Share pledge

Directors, supervisors, managers and other shareholders with more than 10% of shares have no right to pledge.

IX. Relationship information among the Top Ten Shareholders and any one is a related party pr a relative within the second degree of kinship of another

March 30th, 2015
Unit: Shares；%

Name (Note 1)	Personal shareholding		Shareholding of the spouse and under age children		Total shareholding using other's name		Relationship with the 10 largest shareholders or relationship as the spouse or second lineage. Title or name and relationship (note 3)		Other
	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares	Title (or name)	Relationship	
Director of Ji Shuang Investment Company: Gao, Shin-ming	19,005,795 *4,010,513	11.51% *2.43%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	None	None	None
Director of Yi Wei Investment Company: Lin, Yu-yeh	12,647,112 *10,327,782	7.66% *6.26%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	None	None	None
Lin, Yu-yeh	10,327,782	6.26%	0	0.00%	0	0.00%	Yi Wei Investment Company	Person in charge of the company	None
Lin, Yu-Yiao	4,640,515	2.81%	0	0.00%	0	0.00%	Lin, Yu-yeh	Brothers	None
Gao, Shin-ming	4,010,513	2.43%	0	0.00%	0	0.00%	Ji Shuang Investment Companu	Person in charge of the company	None
Director of Ji Chang Investmen t Company: Song, Ping-tsong	2,517,955 *1,461,349	1.53% *0.89%	0 *0	0.00% *0.00%	0 *0	0.00% *0.00%	Gao, Shin-ming	Mother-and-son relationship	None
Huang, Shi-fong	2,318,910	1.40%	0	0.00%	0	0.00%	None	None	None
Ya Tai Investment Company	1,850,000	1.12%	0	0.00%	0	0.00%	None	None	None
Ma, Guo-peng	1,674,422	1.01%	0	0.00%	0	0.00%	None	None	None
Liu, Ying-Da	1,578,784	0.96%	0	0.00%	0	0.00%	None	None	None

*The No. of shares and the percentage of the shares by each of the individuals.

Note 1: The ten largest shareholders shall be listed. Corporate shareholders shall be listed with the name and the name of the representative.

Note 2: The calculation of the percentage of the shares refers to the calculation of the percentage of the shares with its name, the spouse's, the underage children's or with others' names.

Note 3: The aforementioned shareholders include corporates and natural persons. The relationship between each other shall be disclosed in the financial reports of the issuers.

X. The shareholding of the same invested company by the Company, the Directors, the Supervisors, the Managers or other business that is controlled by the Company directly or indirectly

December 31st, 2014
Unit：Share；%

Invested enterprises (Note 1)	Investment of our company		Investments made by the director, supervisors, managers, and direct or indirect controlled divisions		Combined investment	
	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares
Market Go Profits Ltd.	34,069,104	100.00%	0	0.00%	34,069,104	100.00%
Marketech Integrated Pte Ltd.	5,725,040	100.00%	0	0.00%	5,725,040	100.00%
Headquarter International Ltd.	1,289,367	100.00%	0	0.00%	1,289,367	100.00%
Tiger United Finance Ltd.	1,410,367	100.00%	0	0.00%	1,410,367	100.00%
MIC-Tech Global Corp.	91,500	100.00%	0	0.00%	91,500	100.00%

Invested enterprises (Note 1)	Investment of our company		Investments made by the director, supervisors, managers, and direct or indirect controlled divisions		Combined investment	
	No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares
MIC-Tech Viet Nam Co., Ltd.	0	100.00%	0	0.00%	0	100.00%
eZoom Information, Inc.	3,400,000	100.00%	0	0.00%	3,400,000	100.00%
Hoa Phong Marketech Co., Ltd.	0	100.00%	0	0.00%	0	100.00%
Marketech Engineering Pte. Ltd.	379,597	100.00%	0	0.00%	379,597	100.00%
Glory Technology Service Inc.	2,000,000	40.00%	0	0.00%	2,000,000	40.00%
True Victor International Limited	19,286	38.57%	0	0.00%	19,286	38.57%
Hua Shuan Technology Co. Ltd.	200,000	20.00%	150,000	15.00%	350,000	35.00%
MIC-Tech Ventures Asia Pacific Inc.	33,066,604	100.00%	0	0.00%	33,066,604	100.00%
Marketech International Sdn. Bhd.	750,000	100.00%	0	0.00%	750,000	100.00%
Marketech Integrated Construction Co., Ltd.	28,500	95.00%	0	0.00%	28,500	95.00%
Wu Xi Chi Hua Electronic Engineering Co. Ltd.	0	100.00%	0	0.00%	0	100.00%
MIC-TECH (SHANGHAI) CORP. LTD.	0	100.00%	0	0.00%	0	100.00%
FUZHOU JIWEI SYSTEM INTEGRATED CO. LTD.	0	100.00%	0	0.00%	0	100.00%
MIC-TECH Electronics Engineering Corp.	0	100.00%	0	0.00%	0	100.00%
Shangai Fan Ya Commerce Co. Ltd.	0	100.00%	0	0.00%	0	100.00%
Wu Xi Han Hua Electronic Engineering Co. Ltd.	0	49.00%	0	0.00%	0	49.00%
Russky H.K. Limited	633,000	100.00%	0	0.00%	633,000	100.00%
Shangai Mao Hua Electronic Engineering Ltd.	0	80.00%	0	0.00%	0	80.00%
Shangai Shen Gao Electrical and Mechanical Engineering Co., Ltd.	0	100.00%	0	0.00%	0	100.00%
Chi Chuan Technology Co. Ltd.	180,000	60.00%	0	0.00%	180,000	60.00%
Chi Chuan Semiconductor Equipment Technology (Wuxi) Co., Ltd.	0	60.00%	0	0.00%	0	60.00%
Leader Fortune Enterprise Co., Ltd.	303,000	31.43%	0	0.00%	303,000	31.43%
Shanghai Ji Mao Trade Co., Ltd.	0	31.43%	0	0.00%	0	31.43%
Frontken MIC Co., Limited	935,104	40.00%	0	0.00%	935,104	40.00%
Wu Xi Chien Chin Semiconductor Technology Co., Ltd.	0	40.00%	0	0.00%	0	40.00%
Rui Xuang International Co. Ltd.	1,500,000	50.00%	0	0.00%	1,500,000	50.00%
Nan Tong Jian Rui Optoelectronics Technology Co., Ltd. (Note 2)	0	50.00%	0	0.00%	0	50.00%

Note 1：Our company and affiliates adopt the invest method of equity.

Note 2：The name of Tai Cang Jian Rui Optoelectronics Technology Co., Ltd. has been changed to Nan Tong Jian Rui Optoelectronics Technology Co., Ltd. on December 24th, 2014.

IV. Capital Overview

A. Capital and Shares

(1) Sources of the capital for shares

The sources of the capital for the shares issued by the company in recent years and by the print date of the annual notice are as follows:

March 30, 2015
Unit: NT$; shares

mm/yy	Issue price	Rated capital for shares		Actual received capital for shares		Note		
		Shares	Amount	Shares	Amount	Source of the capital	以現金以外財產抵充股款者	Others
Apr., 2013	10	250,000,000	2,500,000,000	164,610,756	1,646,107,560	shares changed from the equity for employee's dividends: 330,000	N/A	Note 1
Jan., 2014	10	250,000,000	2,500,000,000	165,056,756	1,650,567,560	shares changed from the equity for employee's dividends: 4,460,000	N/A	Note 2
Apr., 2014	10	250,000,000	2,500,000,000	165,069,756	1,650,697,560	shares changed from the equity for employee's dividends: 130,000	N/A	Note 3

Note 1: Jin-Sho-Shang-Zi No. 10201070040 letter issued on April 18, 2013
Note 2: Jin-Sho-Shang-Zi No. 10301006150 letter issued on Jan. 14, 2014
Note 3: Jin-Sho-Shang-Zi No. 10301068080 letter issued on April 17, 2014

March 30, 2015
Unit: shares

Share type	Rated capital for shares					Note
	Issued shares (note)			Unissued shares	Total	
	Listed (note)	OTC (counter)	Total			
Registered ordinary shares	165,069,756	0	165,069,756	84,930,244	250,000,000	N/A

Note: Please note that a share belongs to the listed one or trade OTC. (If it is restricted to be listed or trade OTC, then it should be noted.)

Related information of General Application System: not applicable

(2) Structure of shareholders

For ordinary shares, the price of each share is 10 dollars March 30, 2015
Unit: shar; person; %

Structure of shareholders / Number	Government agency	Financial constitutions	Other juristic person	Individual	Foreign constitution and foreigner	Total
Number (person)	0	2	51	11,073	58	11,184
Number (share)	0	261,000	40,046,135	114,464,478	10,298,143	165,069,756
Ration of shareholding (%)	0.00%	0.16%	24.26%	69.34%	6.24%	100.00%

(3) Allocation of shares

For ordinary shares, the price of each share is 10 dollars March 30, 2015 Unit: shar; person; %

Shareholding level	Shareholder (persons)	Number (shares)	Shareholding ration (%)
1 to 999	1,750	487,055	0.30%
1,000 to 5,000	6,575	14,790,672	8.96%
5,001 to 10,000	1,375	11,257,241	6.82%
10,001 to 15,000	410	5,263,782	3.19%
15,001 to 20,000	315	5,863,805	3.55%
20,001 to 30,000	228	5,940,648	3.60%
30,001 to 40,000	125	4,508,844	2.73%
40,001 to 50,000	94	4,419,340	2.68%
50,001 to 100,000	152	11,245,351	6.81%
100,001 to 200,000	88	12,199,976	7.39%
200,001 to 400,000	37	9,958,523	6.03%

Shareholding level			Shareholder (persons)	Number (shares)	Shareholding ration (%)
400,001	to	600,000	12	5,735,615	3.47%
600,001	to	800,000	4	2,734,025	1.66%
800,001	to	1,000,000	3	2,741,751	1.66%
1,000,001 以上			16	67,923,128	41.15%
Total			11,184	165,069,756	100.00%

(4) Name list of major shareholders

The names, shareholding numbers and ratios of the shareholders who hold more than 5% of total shares or have the shareholding ratios which rank top 10 are as follows:

March 30, 2015

Shares / Names of major shareholders	Share held (shares)	Shareholding ratio (%)
Jishuan Investing Co., Ltd.	19,005,795	11.51%
Yiwei Investing Co., Ltd.	12,647,112	7.66%
Lin, Yuyeh	10,327,782	6.26%
Lin, Yuyeh	4,640,515	2.81%
Kao, Shinmin	4,010,513	2.43%
Jiyong investing Co., Ltd.	2,517,955	1.53%
Huang shihfeng	2,318,910	1.40%
Yatai Investing Co., Ltd.	1,850,000	1.12%
Ma, Kuopeng	1,674,422	1.01%
Liu, Yingda	1,578,784	0.96%

(5)Market Price, Net Worth, Earnings, and Dividends per Share of the Past Two Years

Unit：NT$；thousand shares；%

Item			2013	2014	2015/01/01-2015/03/31
Market Price per Share	Highest Market Price		23.00	27.20	30.60
	Lowest Market Price		16.20	17.70	23.80
	Average Market Price		18.34	22.53	26.31
Net Worth per Share	Before Distribution		24.96	26.51	Not Applicable
	After Distribution		23.86	26.51	Not Applicable
Earnings per Share	Weighted Average Shares		164,629	165,066	165,070
	Diluted Earnings per Share		1.35	2.33	0.09
	Adjusted Diluted Earnings per Share		1.35	2.33	Not Applicable
Dividends per Share	Cash Dividends		1.10	2.00	Not Applicable
	Stock Dividends	Dividends from Retained Earnings	0	0	Not Applicable
		Dividends from Capital Surplus	0	0	Not Applicable
	Accumulated Undistributed Dividends		0	0	Not Applicable
Return on Investment	Price / Earnings Ratio		13.59	9.67	Not Applicable
	Price/ Dividend Ratio		16.67	11.27	Not Applicable
	Cash Dividend Yield Rate		6.00	8.88	Not Applicable

(6) The dividend application status

1. The policy

Article 20 of the Article of Association:

The profit of the company shall be appointed for tax, legal reserve, special reserve and 1% of the profit is for director compensation, dividend for employee is 1-15%, and the left shall be appointed by the approval of the board.

Article 20-1:

The appointed profit shall not exceed 50% to ensure the security of company financial status.

2. The proposed appointment

In TWD dollar

Subject	Amount
Profit to be appointed	$ 1,075,506,245
Increment：2014 reserve profit (Note 2)	7,222,442
After adjusting	1,082,728,687
Increment：2014 profit after tax	384,544,685
Deduction：Legal reserve	(38,454,469)
Profit to be appointed-total	1,428,818,903
Item：(Note1)	
Shareholder dividend－Cash 2.00/per share	(330,139,512)
Profit reserved	$ 1,098,679,391

Note 1： The appointment includes 3,460,902 NT dollars for director and supervisor and the profit for employees, 34,714,654 dollars in cash.

Note 2： The pension plan reserve is 7,692,242 dollars and the amount after adjusted is 469,800 dollars.

Note 3： The appointed profit was generated in 2014.

Note 4： The appointment may influence the employee stock option and the ration shall be adjusted by the shareholder meeting.

Note 5： The amount shall be calculated in dollars.

3. The explanation for severe policy adjusting: None.

(7) The influence of share appointment:

N/A

(8) The dividends and the compensation for directors and supervisors

1. According to the association article

According to the article, the profit of the company shall be appointed for tax, legal reserve, special reserve and 1% of the profit is for director compensation, dividend for employee is 1-15%, and the left shall be appointed by the approval of the board.

2. The difference between the estimation amount and the appointed amount

(1) According to the article, the profit of the company shall be appointed for tax, legal reserve, special reserve and 1% of the profit is for director compensation, dividend for employee is 1-15%, and the left shall be appointed by the approval of the board. And the shares for dividends shall be based on the closing price before the day the resolution was made.

(2) The difference of the amount shall be listed as gain or loss for the next year.

3. The dividend approved by the board.

(1) The Dividend info:

① Please refer to the following chart:

Unit: dollars

Subject	Amount to be appointed
Cash dividends	34,714,654
Stock dividends	0
Director and supervisor compensation	3,460,902

② The cause of the difference and the operation:

The 2014 estimated dividends are 34,714,654 dollars and the director compensation is 3,506,531 dollars; the difference is 45,629 dollars. The difference shall be listed loss and gain for 2015.

(2) The percentage for the dividends in the individual and consolidated financial report.

N/A

(3) The estimated EPS after the appointment for dividends.

The EPS is not affect, maintaining 2.33 dollars.

4. The cause and operation chart for the difference between estimated amount and the appointment.

Unit: TWD

Item	The appointed profit for 2013			
	The appointed amount	Estimated amount	Difference	Cause
Status				
1.Cash dividends				
2.Stock dividends	24,918,506	24,918,506	0	0
(1)Stock				
(2)Cash	0	0	0	0
3.Compensation for	0	0	0	0
directors	2,003,531	2,003,531	0	0

(9)Buy-back: None

II. Bonds: None。

III. Preferred Stock：None

IV. Global Depository Receipts：None

V. Employee Stock Options：None

VI. New Restricted Employee Shares:

(1) As to the report was printed, the related regulation was not applicable.

(2) The top-10 employees applicable for the share limitation: N/A

VII. Status of New Issuance in Connection with Mergers and Acquisitions:

(1) Share issuance for merger: N/A

(2) Share issuance for acquisition: N/A

VIII. Financing Plans and Implementation:

(1) As of the former season before the annual report was published, is there any beneficial result from the plan content of security issuance or the project within

three years not realized? None

(2) As of the former season before the annual report was published, is there any beneficial result from the plan implement of security issuance or the project within three years not realized? N/A

V. Operational Highlights

1. Business Activities

(1) Business Range

1. Contents of business range

MIC and its subsidiaries (referred to collectively as MIC hereafter) perform business in the following four categories:

(1) Sales and service of high-tech equipment and materials: MIC provides sales, distribution, service and technical support for process and factory management infrastructure for high-tech industries such as semiconductor manufacturing and photo-electronics, as well as the associated materials, chemicals and parts/components.

(2) Automatic supplying systems: MIC provides planning, design, construction, supervision, installation, testing, operating consultation and warranty service for gas supply, automatic chemical feeding system, special gas and factory monitoring systems for high-tech industry facilities such as those in semiconductor manufacturing, photo-electronics and biochemical and pharmaceutical companies.

(3) Total Facility Engineering Turnkey Project: for this part, MIC provides service for turn-key projects for high-tech industry facilities such as those in semiconductor manufacturing, photo-electronics and biochemical and pharmaceutical companies from electrical system, clean room, factory peripherals to process equipment. Also, MIC is known for the integration of electrical systems in, for example, petrochemical compound, traditional industry facilities and smart buildings.

(4) R&D and manufacturing of customized equipment: MIC designs and builds automatic factory and process equipment to the needs of clients in semiconductor manufacturing, photo-electronics and other high-tech industries as well as traditional industries.

2. Business percentages

In NT$1,000 or %

Year / Product or service cat.	2013		2014	
	Business incomes	Business %	Business incomes	Business %
Sales and service of high-tech equipment and material	4,476,419	31.88	4,263,305	28.49
Automatic Supplying system	3,849,995	27.42	2,847,903	19.03
Total Facility Engineering Turnkey Project	3,132,628	22.31	4,590,487	30.67
R &D and manufacturing of customized equipment	2,583,232	18.39	3,263,704	21.81

Total	14,042,274	100.00	14,965,399	100.00

Note: Disclosed based on the consolidated reports of 2013 and 2014 as certified by accountant.

3. Current lines of product (service) offered by MIC

(1) Sales and service of high-tech equipment and materials:

① Semiconductor mask process

- Photoresist application equipment
- Development and etching equipment
- Mask cleaning equipment
- Positive photoresist cleaning agent
- Positive photoresist cleaning (removal) agent
- Chromium etching solution
- Positive photoresist development solution
- E-beam writer
- Pod cleaner
- Reticle stocker

②IC manufacturing process

- Wafer defect inspection equipment
- Wafer defect inspection equipment for residual chemicals and electric charges
- X-Ray film measurement system
- Vertical furnace
- Batch-type BCD process tool
- MMT plasma nitridation system
- 4-point probe electric resistance measurement system
- Chemical/mechanical abrasive brushes
- Chemical/mechanical abrasive discs
- Silicon carbide (SiC) chips
- Special gases for manufacturing process, TDMAS, TiCl4
- Physical parameter measurement systems
- IC rear end: TR FVI
- Integrated Gas Delivery System
- Clean room/platform vibration-proof design from Taisei
- 4-point probe measurement system
- Single wafer heating equipment
- Dicing UV cure system
- FOUP cleaner
- Wafer stocker
- Wafer overlay error measurement system

③ IC packaging process

- WLCSP Ball Mounter
- WLCSP Inspection & Repair

- Wafer Sorter
- Wafer Packer
- Macroscopic and microscopic examiners
- IC coplanarity examiner
- Defoaming mixer
- Coplanarity tester (stamp-sized flash memory card)
- Final Vision Inspection

④ LCD and color filter processes

- Dry etching system
- Laser cutting tools for glass
- Defect inspection and repair for color filters
- Glass substrate transportation
- Automated warehouse
- Automatic guided vehicles and railed vehicles
- Cofocal laser microscopes
- Mask inspection system
- Etching, photoresist removal, cleaning, developing, glass regeneration tools and sealants
- Polarizing, sealant removal, regeneration and cleaning tools and FA systems
- Module lamination equipment
- Aging equipment
- Liquid crystal injector
- Sealing machine
- 3D non-contact shape inspector
- Roll-to-roll embossing
- TFT materials: photoresist, metal targets
- CF materials: sensitive separator, BM photoresist
- CELL materials: glass cleaning bands, glass cutting wheels
- LCM materials: inductors
- FPCB materials: PI materials
- Thinning materials: sealants, cleaning agent
- Touch screen materials: OCR, Hard coat materials
- OLED materials: materials for luminescent layer, electron hole layer and electron layer, and metal mask cleaning agent

⑤ GaAs process for LEDs

- EPI-Wafers
- Substrates
- Organic metal materials
- Green SiC abrasive powder (GC)
- B_4C abrasive powder
- Abrasive pads
- Abrasive slurry

- Photoresist)
- Sapphire wafer material: Al_2O_3
- X-ray diffraction (XRD) for sapphire wafers and substrates
- Sapphire substrate polishing and abrasion equipment (CMP)
- Sapphire substrate flatness measurement
- Dicing Saw and Lapping
- Al_2O_3 blocks
- Diamond wires
- HRXRDX-Ray film measurement
- XRD X-Ray tools
- Sapphire substrate/wafer flatness measurement tools

⑥ Front end process for LEDs

- Sapphire PSS AOI machine

⑦ Passive elements

- Carrier-type inspector for passive elements / TR FVI / Laser etching machine

⑧ Solar power equipment:

- PECVD Si_3N_4 coating and SiO_2 coating machines
- DF POCL3 P dopant high resistance production machines and high-temperature annealing machines
- Inline multi-chip acid etching tools
- Inline PSG machines
- Inline PSG + machines
- Single-chip etching production machines
- Auto load/unload /semi-auto machines
- Single-chip non-alcohol etching additives
- Silver powder (pellets, flakes) / AgCu powder (flakes)
- Single/multi-chip backflip additives

(2) Total Facility Engineering Turnkey Project:

① Design, manufacturing, construction, installation and testing of automatic gas supply system

② Design, manufacturing, construction, installation, testing and after service of automatic chemical supply system

③ Design, construction, installation, testing and after service of systems for ultrapure water, pure steam, injection water and wastewater treatment

④ Operating service

- Operation consulting for Total Chemical Management (TCM)、Total Gas Management (TGM) & Total Water Management (TWM)
- Operating service for factory management systems for small and medium-sized factories

④ Factory automation

A. Factory management and control system (FMCS)

a. Design, construction, installation, testing and after service of automatic special gas control system and total factory management system
b. Design, construction, installation, testing and after service of automatic clean room management system and automatic HVAC and air conditioning management system
c. Consultation system and performance improvement for energy management system for the manufacturing industry

B. Computer-integrated manufacturing (CIM)

a. Sales and distribution of MES (Manufacturing Execution System), its introduction and after service
b. Sales and distribution of APC (Advance Process Control) system, its introduction and after service
c. Consultation, and development of customized automatic factory systems
d. Sales and distribution of dry pump & heater monitoring and warning system to predict possible malfunctions in order to prevent discarding of defected wafers and cut the costs for wafer foundry.
f. Introduction and after service of RFID applications to allow for traceability and information feedbacks of products in the logistics supply chain and production history.

C. Importing of automation products

a. Importing and sales of energy efficiency and CO2 reduction management system (BizShaker_Green)
b. Importing and sales of expert system for dry pump management (BizShaker_Foresight)
c. Importing and sales of gas management system (BizShaker_GMS)
d. Customized control system ODM
e. Factory management system (BizShaker Facility Monitoring Control System)
f. Remote control system for safe production of coal mining (BizShaker MMCS)
g. Intelligent solar power management system (BizShaker Solar)
h. Automatic building management system (BizShaker Building Management System)

⑥Information, communications, corporate information and program service

A. Enterprise resource planning (ERP)
B. New Generation Business Discovery
C. Big Data
D. Security

E. Consultation Service

F. Implementation Service

G. Customization Service

H. Cloud service planning and development

I. Information/communication solution introduction and system integration

- Business Support Systems and Operation Support Systems for telecommunications business
- Customer Relationship Management System
- Charging and Billing System
- Order Management System
- Provisioning System
- Fault Management System
- Performance Management System
- Call Center System

J. Value-added service system

- Enterprise Short Message System
- e-Books System
- Content Management Platform
- Voice mail VPN system

K. Planning and consulting for communication systems

- System framework analysis and design
- Business demand analysis
- Call center system planning
- Network administration center system planning

L. Importing and sales of software and hardware of communications and corporate information service

- Servers, network equipment and storage equipment
- OS, database programs, middleware, and application software authorization

M. Outsourced management for information/communication systems

- Information data center and leasing
- eMail rental
- PC servicing
- Web hosting
- Web management
- Application operation maintenance

(3) Total ficlity engineering turnkey project

① Turn-key projects for high-tech factories, pharmaceutical factories and biotechnical labs

② Total turn-key hook-up projects for high-tech factories, pharmaceutical factories and biotechnical labs

③ Electric/mechanical system projects for petrochemical factories, traditional industrial facilities and intelligent buildings

④ Engineering projects for mass transit system

⑤ Biochemical and medical facilities

⑥ Water resource and energy management

(4) R&D and manufacturing of customized equipment:

① Design and manufacturing of automatic production systems for photo-electronics industry

② Total design and development solutions for production information integration system

③ Design and production of image inspection equipment

④ Turn-key projects for Patterned Sapphire Substrate (PSS) process equipment for LEDs

⑤ Design and production of automatic logistics system for IT industry

⑥ Design and production of automatic logistics system for biotechnical and medical industries

⑦ Design and production of automatic logistics system for food industry

⑧ Design and production of automatic logistics system for traditional industries

⑨ Equipment OEM

- OEM equipment production
- Technical design for ODM equipment
- Precision vacuum chamber assembly and production
- Search and production of precision machined pieces
- Local production of parts and components
- Global sourcing and purchase of parts

4. New product planning and development (service)

(1) Expansion off depth and breadth of imported product lines to set foot in the semiconductor testing at the rear end and LCM for TFT-LCD

(2) Development of total high-tech factory integration capability, lateral integration of engineering ability for pure water and process cooling, upward integration with ME engineering and total factory solution and downward development of integrated connection with process equipment in the factory.

(3) Development of design and installation of facilities for typical industries, such as petrochemical and traditional factories

(4) Development of HMI for automatic delivery system and system service patterns

(5) LED wafer process equipment

(6) Automatic testing techniques

(7) CIM techniques

(8) Continue to work with original manufacturers for the development of equipment modules, and develop process equipment or join force with clients for customization of process equipment based on market demands and clients' needs.

(9) Development of ESD (Electronic static Discharge) real-time monitoring system, manufacturing industry project program outsourcing, and energy analysis for manufacturing facilities and processes.

(10) Information/communications, corporate information and software service

① Importing or development of important service elements in digital content service platform, including:

- Payment gateway that deals with payment verification and transactions
- Digital rights management used for the management of download and play authorization for digital contents and content encryption/decryption.
- Mobile device management: management of firmware, OS, web browsers, content players and APPs at the intelligent end to provide the service platform that telecommunication clients need for 4G service development.

② R&D project for corporate service platform products:

- Information action inquiries for corporate decision making
- Information action inquiries for corporate business
- New generation corporate information management system
- Corporate decision making analysis products

(2) Current status of industry

1. Current status and development of industry

MIC's revenues come mostly from selling and maintenance of equipment and materials for ICs, TFT-LCDs, LEDs, color filters, GaAs, IC packaging, flip-chip substrates, and solar panels in high-tech and traditional industries in addition to the planning, design, construction, installation and testing automatic management systems for gases, chemicals and monitoring systems used in high-tech industries. Since 2003, MIC has started the manufacturing of process equipment in addition to the original design, manufacturing and installation of factory equipment. MIC is always on the lookout for any opportunity to join force of major players around the world and build up our own OEM and ODM capabilities, strengthen local ODM development and ultimate establish our own edge in the competitive market. The following provides the breakdown of the industries that MIC is involved

(1)IC Industry

① The status and development of global semiconductor industry

The global semiconductor market will be worth more than $350 billion in 2014, an increase of 9.4 percent, driven by broad-based demand but including strength of memory sales, according to a chip company sales ranking for 2014, prepared by market analysis firm IHS.

Intel grew to prominence on the back of its dominance in the supply of processors for personal computers. It is still number one with $50 billion of chip sales predicted for 2014 or 14.1 percent of the total market. Intel will grow its sales by 6 percent helped by the return of some life to the personal computer market after an extended hiatus during 2012 and 2013.

Figure 1: Preliminary worldwide ranking of the top 20 semiconductor suppliers in 2014 ranked by sales (in millions of dollars).

2013 Rank	2014 Rank	Company Name	2013 Revenue	2014 Revenue	Percent Change	Percent of Total	Cumulative Percentage
1	1	Intel	46,981	49,964	6.3%	14.1%	14.1%
2	2	Samsung Electronics	33,116	38,273	15.6%	10.8%	25.0%
3	3	Qualcomm	17,212	19,266	11.9%	5.5%	30.4%
4	4	Micron Technology	14,121	16,389	16.1%	4.6%	35.1%
5	5	SK Hynix	12,809	15,737	22.9%	4.5%	39.5%
6	6	Texas Instruments	11,420	12,195	6.8%	3.5%	43.0%
7	7	Toshiba	9,394	8,496	-9.6%	2.4%	45.4%
8	8	Broadcom	8,179	8,387	2.5%	2.4%	47.8%
9	9	STMicroelectronics	8,082	7,395	-8.5%	2.1%	49.9%
15	10	MediaTek*	4,568	7,194	57.5%	2.0%	51.9%
10	11	Renesas Electronics	7,971	6,910	-13.3%	2.0%	53.8%
11	12	SanDisk	5,789	6,116	5.6%	1.7%	55.6%
12	13	Infineon Technologies	5,172	6,071	17.4%	1.7%	57.3%
14	14	NXP	4,678	5,457	16.7%	1.5%	58.8%
23	15	Avago Technologies*	2,609	5,423	107.9%	1.5%	60.4%
13	16	Advanced Micro Devices	5,151	5,388	4.6%	1.5%	61.9%
17	17	Freescale Semiconductor	3,966	4,560	15.0%	1.3%	63.2%
16	18	Sony	4,461	4,528	1.5%	1.3%	64.5%
18	19	nVidia	3,663	4,007	9.4%	1.1%	65.6%
19	20	Marvell Technology Group	3,404	3,812	12.0%	1.1%	66.7%
		Top 20 Companies	212,746	235,568	10.7%	66.7%	
		All Others	110,016	117,663	7.0%	33.3%	
		Total Semiconductor	**322,762**	**353,231**	**9.4%**	**100.0%**	

Source: IHS Technology. *MediaTek growth boosted by acquisition of MStar. Avago's growth boosted by acquisition of LSI and PLX. To see a larger version of the ranking table click

But Samsung's position in application processors for mobile equipment and memory will allow it to increase sales by 15.6 percent and get to just over $38 billion in annual sales for 2014. Samsung may not yet be in touching distance of Intel but a three more years at these rates and it will overhaul the long-time number one.

Fabless chip company Qualcomm will benefit in 2014 from its role as a dominant supplier of application processors into mobile phones with 11.9 percent projected annual growth.

There are no changes in the top 10 ranking from 2013 except for the arrival of Mediatek, up from 15th, which is partly due to its acquisition of MStar. Avago Technologies leapt into the top 20, at 15 up from 23, due to its acquisition of LSI Corp. and PLX Technologies.

However, as and when Infineon's proposed acquisition of International Rectifier takes place it would move Infineon back into the top 10 by the combination of the two companies' sales revenue.

The 9.4 percent expansion in 2014 is broad-based across multiple segments and is set to be the strongest industry performance since 2010. Global revenue in 2014 is expected to total $353.2 billion, up from $322.8 billion in 2013, according to the preliminary estimate from IHS Technology.

"This is the healthiest the semiconductor business has been in many years, not only in light of the overall growth, but also because of the broad-based nature of the market expansion," said Dale Ford, chief analyst at IHS Technology. “While the upswing in 2013 was almost entirely driven by growth in a few specific memory segments, the rise in 2014 is built on a widespread increase in demand for a variety of different types of chips."

In 2013 the key drivers of the growth of the semiconductor market were DRAMs and data flash memory. These two memory segments together grew by more than 30 percent while the rest of the market only expanded by 1.5 percent. In 2104, the combined revenue for DRAM and data flash memory is projected to rise by about 20 percent, while the rest of the market will swell by 6.7 percent.

DRAM revenue is expected to climb by 33 percent for the second year in a row in 2014. The LED market is expected to grow by more than 11 percent in 2014. Major turnarounds are occurring in the analog, discrete and microprocessor markets as they will swing from declines to strong growth. Most segments will see their growth improve by more than 10 percent, compared to the declines experienced in 2013. PLD revenue in 2014 will grow by 10.2 percent compared to 2.1 percent in 2013, and DSP ASICs will rise by 3.8 percent compared to a 31.9 percent collapse in 2013.

Semiconductor revenue in 2014 will grow in five of the six major semiconductor application end markets, i.e. data processing, wired communications, wireless communications, automotive electronics and industrial electronics. The only market segment experiencing a decline will be consumer electronics. Revenue will expand by double-digit percentages in four of the six markets.

Japan continues to struggle, and is the only worldwide region that will see a decline in semiconductor revenues this year. The other three geographies – Asia-Pacific, the Americas and the Europe, Middle East and Africa (EMEA) region – will see healthy growth. The world will be led by led by Asia-Pacific, which will post an expected revenue increase of 12.5 percent.

Worldwide semiconductor revenues grew by 7.9 percent to $339.8 billion last year, according to preliminary numbers that Gartner released today (Tuesday). The top 25 chip vendors did even better, with revenues up by 11.7 percent compared with 2013.

Things didn't go quite as well for Intel, the biggest chip manufacturer by revenues, in spite of the PC industry's mini-recovery. However, it managed to grow sales by 4.6 percent in 2014, which contrasts with the 10.1 percent decline it suffered in 2013.

According to Gartner, "Intel continued to gain market share from AMD" in laptops and desktops, and it was also "on pace to reach its goal of 40 million tablet processors in 2014, although these processors are being shipped at significantly discounted prices with incentives." Many of these chips are appearing in 7in and 8in Windows 8.1 tablets that cost less than $100/￡100.

Intel held its place as the No 1 semiconductor company for the 23rd consecutive year, with 15.0 percent of the market, though it remains to be seen how much longer its lead will last. Samsung, the No 2 chip vendor, grew revenues by 15.1 percent last year, and it's currently spending $15 billion on a new fab in South Korea to expand sales. Qualcomm took third place with growth of 11.5 percent as its Snapdragon processor continued to dominate the smartphone market.

Figure 2: Top 10 Semiconductor Vendors by Revenue, Worldwide, 2014 (Million Dollars)

Table 1. Top 10 Semiconductor Vendors by Revenue, Worldwide, 2014 (Millions of Dollars)

Rank 2013	Rank 2014	Vendor	2013 Revenue	2014 Estimated Revenue	2013-2014 Growth (%)	2014 Market Share (%)
1	1	Intel	48,590	50,840	4.6	15.0
2	2	Samsung Electronics	30,636	35,275	15.1	10.4
3	3	Qualcomm	17,211	19,194	11.5	5.6
5	4	Micron Technology	11,918	16,800	41.0	4.9
4	5	SK Hynix	12,625	15,915	26.1	4.7
6	6	Toshiba	11,277	11,589	2.8	3.4
7	7	Texas Instruments	10,591	11,539	9.0	3.4
8	8	Broadcom	8,199	8,360	2.0	2.5
9	9	STMicroelectronics	8,082	7,371	-8.8	2.2
10	10	Renesas Electronics	7,979	7,249	-9.1	2.1
		Others	**147,883**	**155,679**	**5.3**	**45.8**
		Total	**314,991**	**339,811**	**7.9**	**100**

Source: Gartner (December 2014)

However, Gartner said: "SK Hynix and Micron Technology benefited the most from the strong memory market, with the strongest growth of the top 10 vendors". Micron Technology's sales grew by 41.0 percent and SK Hynix's by 26.1 percent. DRAM chips accounted for about 80 percent of SK Hynix's revenues and about 70 percent of Micron's, with Micron shifting more production to NAND (Flash memory) chips.

With STMicroelectronics and Renesas Electronics losing ground - both saw sales decline by around 9 percent - we could well see MediaTek in the 2015 table. If so, it will be the first Taiwanese company to make the Top 10.

Finally, for AMD fans, the company saw its chip revenues slide by more than 9 percent to $4.67 billion, and it came 15th in the table with a market share of 1.4 percent.

Apple's semiconductor orders have shown a 10% growth in 2014 in comparison to the previous year, reports *Gartner*. By ordering $25.8 billion worth of semiconductors, Apple now ranks as the second biggest semiconductor buyer, right after Samsung, which topped Gartner's list of "Top 10 Companies by Semiconductor Design TAM" (tam = total available market).

Figure 3 Preliminary Ranking of Top 10 Company by Semiconductor Design TAM, Woldwide, 2014 (Billions of Dollars)

Table 1. Preliminary Ranking of Top 10 Companies by Semiconductor Design TAM, Worldwide, 2014 (Billions of Dollars)

2013 Ranking	2014 Ranking	Company	2013	2014	Growth (%) 2013-2014	Market Share (%) 2014
1	1	Samsung Electronics	30.6	32.1	5.1	9.4
2	2	Apple	23.5	25.8	9.8	7.6
3	3	HP	13.7	14.7	7.1	4.3
4	4	Lenovo	9.5	12.8	33.9	3.8
5	5	Dell	9.1	10.3	13.2	3.0
6	6	Sony	7.7	7.4	-2.8	2.2
9	7	Huawei	4.9	6.0	21.6	1.8
7	8	Cisco Systems	5.6	5.8	3.1	1.7
10	9	LG Electronics	4.7	5.5	15.9	1.6
8	10	Toshiba	5.5	5.3	-4.0	1.5
		Others	200.2	214.2	7.0	63.0
		Total	**315.0**	**339.9**	**7.9**	**100.0**

Note: Some columns do not add to totals shown because of rounding.

Source: Gartner (January 2015)

Between them, Samsung and Apple consumed $57.9 billion's worth of semiconductors last year, up $3.9 billion from a year previously, according to the data gathered by the market research firm.

The top 10 companies include HP, Lenovo, Dell, Sony, Huawei, Cisco Systems, LG Electronics and Toshiba. These companies, together with Apple and Samsung, accounted for 37% of all the semiconductor chip vendors' revenue for 2014. Their total spending was $125.8 billion, up $114.8 billion from 2013.

Gartner forecasts sharp rise in spending on chip manufacturing equipment in 2014.

Worldwide semiconductor capital spending is going to total $64.5 billion in 2014, an increase of 11.4 percent from 2013 spending of $57.8 billion, according to market forecaster Gartner.

Gartner breaks the semiconductor capex down into seven categories: capital spending; wafer fab equipment; other wafer-level manufacturing equipment; wafer-level packaging and assembly equipment; die-level packaging and assembly equipment and automated test equipment.

Capital equipment spending will increase 17.1 percent in 2014, driven by strong memory average selling prices and increased demand for consumer products (see table).

Figure 4: Worldwide semiconductor manufacturing equipment spending forecast, for 2013 to 2018 (Millions of dollars).

	2013	2014	2015	2016	2017	2018
Semiconductor Capital Spending ($M)	57,840.27	64,459.27	70,142.89	67,245.25	69,636.55	74,258.82
Growth (%)	-1.5	11.4	8.8	-4.1	3.6	6.6
Capital Equipment ($M)	33,452.00	39,157.26	43,601.17	40,420.48	44,218.22	47,400.08
Growth (%)	-11.6	17.1	11.3	-7.3	9.4	7.2
Wafer Fab Equipment ($M)	27,278.07	32,074.60	35,500.57	33,507.82	36,126.71	38,393.06
Growth (%)	-8.0	17.6	10.7	-5.6	7.8	6.3
Wafer-Level Manufacturing Equipment ($M)	28,758.10	33,793.29	37,558.82	35,606.12	38,663.41	41,418.46
Growth (%)	-8.5	17.5	11.1	-5.2	8.6	7.1
Wafer-Level Packaging and Assembly Equipment ($M)	1,480.02	1,718.69	2,058.26	2,098.30	2,536.70	3,025.40
Growth (%)	-17.8	16.1	19.8	1.9	20.9	19.3
Die-Level Packaging and Assembly Equipment ($M)	2,868.68	3,232.37	3,631.03	2,846.72	3,231.03	3,476.59
Growth (%)	-25.8	12.7	12.3	-21.6	13.5	7.6
Automated Test Equipment ($M)	1,825.22	2,131.60	2,411.32	1,967.64	2,323.78	2,505.04
Growth (%)	-27.6	16.8	13.1	-18.4	18.1	7.8

Source: Garnter. To see larger form of chart click

As shown, it is expected to require total semiconductor sales of over $4.2 billion to make the 2014 top 20 ranking. In total, the top 20 semiconductor companies' sales are forecast to increase by 9% this year as compared to 2013. However, when excluding the two pure-play foundries (TSMC and UMC) from the ranking, the top "18" semiconductor companies' sales are forecast to increase by 8% this year, the same rate as IC Insights' current forecast for total 2014 worldwide semiconductor market growth.

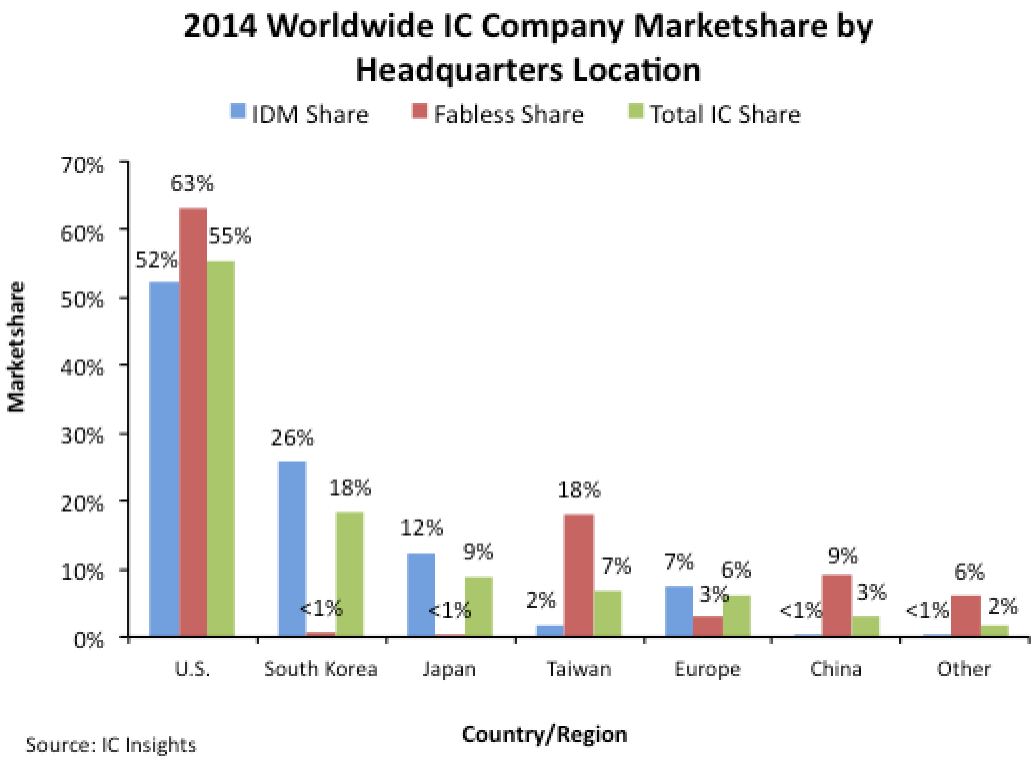
Figure 5　Top 10 ranking of Semiconductor revenue in 2014

Million USD；%

Rank 2014	Rank 2013	Rank 2012	Rank 2011	Company	Headquarter	2011 Revenue	2012 Revenue	2013 Revenue	2014 Revenue	2013-2014 changes(%)
1	1	1	1	Intel (英特爾)	USA	49 697	49 370	48 321	51 368	6%
2	2	2	2	Samsung (三星)	South Korea	33 483	30 425	34 378	37 259	8%
3	3	3	3	TSMC (台積電) *	Taiwan	14 600	17 022	19 935	25 088	26%
4	4	4	7	Qualcomm (高通) *	USA	9 828	12 807	17 211	19 100	11%
5	5	9	10	Micron+Elpida Memory (美光+爾必達)	USA	8 571	8 654	14 294	16 614	16%
6	6	8	9	SK Hynix (海力士)	South Korea	9 403	8 802	12 970	15 838	22%
7	8	5	4	Texas Instruments (德州儀器)	USA	12 900	12 063	11 474	12 179	6%
8	7	6	5	Toshiba (東芝)	Japan	12 745	11 075	11 958	11 216	-6%
9	9	11	11	Broadcom (博通) **	USA	7 160	7 740	8 219	8 360	2%
10	10	10	8	STMicroelectronics (意法半導體)	Switzerland	9 631	8 384	8 014	7 374	-8%
11	11	7	6	Renesas Electronics (瑞薩電子)	Japan	10 653	9 839	7 975	7 372	-8%
12	12	-	-	MediaTek+MStar Semiconductor (聯發科+晨星半導體) **	Taiwan	-	-	5 723	7 142	25%
13	14	14	14	Infineon Technologies (英飛凌)	Germany	5 599	4 984	5 260	6 151	17%
14	16	17	17	NXP (恩智浦)	Netherlands	4 147	4 300	4 815	5 625	17%
15	13	13	12	AMD (超微) **	USA	6 568	5 423	5 299	5 512	4%
16	17	12	13	Sony (索尼)	Japan	6 093	6 245	4 739	5 192	10%
17	15	-	-	Avago + LSI (安華高科技) **	Singapore			4 979	5 087	2%
18	19	19	16	Freescale(飛思卡爾)	USA	4 391	3 783	3 977	4 548	14%
19	20	20	20	UMC (聯電) *	Taiwan	3 760	3 734	3 940	4 300	9%
20	21	18	18	Nvidia (輝達或英偉達) **	USA	3 939	4 274	3 898	4 237	9%
-	-	15	21	GlobalFoundries (格羅方德)	USA	3 480	4 560	-	-	-
-	-	16	15	Fujitsu (富士通)	Japan	4 430	4 397	-	-	-
				Top 20 Suppliers		221 078	217 885	237 379	259 526	9%
				Top 20 Suppliers excluding Foundries				213,504	230,174	8%

Source：IC Insights，2014/12　　　(*Foundry，**Fabless)

IC Insights recently released its March Update to the 2015 McClean Report. The Update includes a review of IC company sales by headquarters location. In this example, Samsung's sales from its fabrication facility in Austin, Texas, are counted as sales from South Korean companies. Intel's sales from its fabs in China, Ireland, and Israel are included among U.S. companies, etc. As shown, U.S. companies held a 55 percent share of the total worldwide IC market in 2014, which includes sales from IDMs and fabless IC companies. The total does not include foundry sales. South Korean companies captured an 18 percent share and Japanese companies placed third with a 9 percent share. Chinese companies accounted for only 3 percent of total IC sales in 2014 (Chart 1).



Intel topped all chip companies in R&D spending in 2014, accounting for 36% of the top-10 spending and 21% of the $56.0 billion in total worldwide semiconductor R&D expenditures. The industry's two largest IDMs—Intel and Samsung—continue to emphasize internal production capacity for advanced ICs in leading-edge wafer fabs. Consequently, spending on R&D programs at the two IC giants has kept growing, but at different rates in recent years. This is partly due to Samsung's ability to hold down some costs by participating in IBM's Common Platform joint development alliance, which also includes GlobalFoundries as an R&D partner.

Fabless IC supplier Qualcomm kept pace with Intel to remain the second-largest spender, a position it first achieved in 2012. Qualcomm showed the largest percentage increase among the top 10 suppliers with a 62% boost in its R&D spending in 2014. Fabless suppliers Nvidia, Qualcomm, and Broadcom had the highest R&D spending as a percent of sales ratios in 2014 at 31.3%, 28.5%, and 28.2%, respectively. Broadcom's spending in 2014 declined for the first time since 2003, while Nvidia's 2014 spending increased just 3%, but both companies have consistently spent in the range of 30% of revenue on R&D the past several years.

TSMC's 15% R&D spending increase in 2014, along with a decline in spending at Toshiba and ST, moved the company up two slots to number 5 in the ranking. As a result of the growing number of IC manufacturers adopting the fab-lite business model or becoming completely fabless, TSMC joined the group of top-10 R&D spenders for the first time in 2010. Micron and MediaTek also moved up in the ranking. MediaTek became a top-10 spender following its acquisition of fellow Taiwanese fabless supplier MStar in early 2014 (the ranking shows the combined results of MediaTek and MStar).

Five other IC companies had R&D spending of at least $1.0 billion in 2014 but did not make the top 10 ranking. These included Texas Instruments, $1.36 billion; SK Hynix, $1.33 billion; Marvell, $1.18 billion; AMD, $1.06 billion; and Avago, $1.00 billion.

Figure 6

2014 Top Semiconductor R&D Spenders

2014 Rank	2013 Rank	Company	Region	IDM	FABLESS	FOUNDRY	2013 Semi Sales ($M)	2013 R&D Exp ($M)	2013 R&D/Sales (%)	2014 Semi Sales ($M)	2014 R&D Exp ($M)	2014 R&D/Sales (%)	2014/2013 % Change in R&D
1	1	Intel	Americas	•			48,321	10,611	22.0%	51,400	11,537	22.4%	9%
2	2	Qualcomm	Americas		•		17,211	3,395	19.7%	19,291	5,501	28.5%	62%
3	3	Samsung	Asia-Pac	•			34,378	2,820	8.2%	37,810	2,965	7.8%	5%
4	4	Broadcom	Americas		•		8,219	2,486	30.2%	8,428	2,373	28.2%	-5%
5	7	TSMC	Asia-Pac			•	19,935	1,623	8.1%	24,976	1,874	7.5%	15%
6	5	Toshiba	Japan	•			11,958	2,040	17.1%	11,040	1,820	16.5%	-11%
7	6	ST	Europe	•			8,014	1,816	22.7%	7,384	1,520	20.6%	-16%
8	9	Micron	Americas	•			14,294	1,487	10.4%	16,814	1,430	8.5%	-4%
9	14	MediaTek + MStar	Asia-Pac		•		5,723	1,110	19.4%	7,032	1,430	20.3%	29%
10	10	Nvidia	Americas		•		3,898	1,323	33.9%	4,348	1,362	31.3%	3%
		Top 10 Total					**171,951**	**28,711**	**16.7%**	**188,523**	**31,812**	**16.9%**	**11%**

Source: Company reports, IC Insights' *Strategic Reviews* database

This report shows that IC market growth in 2015 will be a tad below at 7% compared to 8% in 2014. And only 11 product categories out of 33 will show growth rate higher than the 7% average of total IC market. This is less of a worry than what is being revealed when I look at the relative growth of individual product categories between 2014 and 2015.

Figure 7

2015 Forecast of IC Market Growth by Product

Product Category	2014	2015F
Automotive—Spcl Purpose Logic	19%	15%
DRAM	33%	14%
Automotive—App-Specific Analog	11%	12%
Wireless Comm—App-Specific Analog	15%	12%
Cellphone App MPUs	13%	10%
32-bit MCU	8%	9%
Industrial/Other—App-Specific Analog	8%	9%
NAND Flash	6%	9%
PLDs	8%	9%
Power Management Analog	16%	8%
Amplifiers/Comparators	11%	7%
Total IC Market	**8%**	**7%**
Computer and Peripherals—Spcl Purpose Logic	8%	5%
Consumer—Spcl Purpose Logic	5%	5%
Wired Comm—Spcl Purpose Logic	5%	5%
Industrial/Other—Spcl Purpose Logic	10%	5%
Interface	7%	4%
General Purpose Logic	6%	4%
Wireless Comm—Spcl Purpose Logic	4%	4%
Signal Conversion	5%	4%
Tablet MPUs	9%	3%
16-bit MCU	2%	3%
Standard Cell	3%	3%
Std PC, Server, etc. MPUs*	4%	3%
4-/8-bit MCU	2%	2%
Computer—App-Specific Analog	2%	2%
Consumer—App-Specific Analog	3%	2%
Wired Comm—App-Specific Analog	-30%	2%
EEPROM/ROM/EPROM/Other	-12%	-3%
NOR Flash	-13%	-6%
Display Drivers	-12%	-7%
DSP	-7%	-8%
Gate Array	-14%	-12%
SRAM	-17%	-13%

*Includes embedded processors but does not include graphics processors.

Source: IC Insights

WSTS now forecasts the market for semiconductors in the Americas region will enjoy 15.0 percent annual growth in 2015, a mark up from 5.3 percent growth figure given in December 2014.

Forecasts for the other main geographic regions have also been altered with a more pessimistic view taken for Europe and Japan and a higher growth figure plugged in for the Asia Pacific region. Europe has been marked down to a contraction in dollar terms of 2 percent compared with growth of 1.5 percent. Japan's chip market is expected to contract by 3.7 percent compared with a near break-even of -0.3 percent figure given in December 2014. Finally the Asia-Pacific market is expected to grow by 4.2 percent slightly stronger than the 3.8 percent given before.

As a result worldwide semiconductor market growth has been marked up to 4.9 percent the previous forecast of 3.4 percent. The worldwide estimate for 2016 growth has not been changed and remains at 3.1 percent.

WSTS has altered its forecast for 2015 by growth in semiconductor product categories. The growth for optoelectronics chip market in 2015 is now forecast to be 8.8 percent, up from 4.9 percent given out by WSTS in December. In contrast, the sensors market is now set for 1.5 percent growth in 2015 compared with 6.1 percent given out by WSTS in December.e

Figure 8:

Autumn 2014 - Q4 update	Amounts in US$M				Year on Year Growth in %			
	2013	2014	2015	2016	2013	2014	2015	2016
Americas	61,496	69,324	**79,725**	**82,298**	13.1	12.7	15.0	3.2
Europe	34,883	37,459	**36,700**	**37,877**	5.2	7.4	-2.0	3.2
Japan	34,795	34,830	**33,545**	**33,850**	-15.2	0.1	-3.7	0.9
Asia Pacific	174,410	194,230	**202,351**	**209,316**	7.0	11.4	4.2	3.4
Total World - $M	305,584	335,843	**352,321**	**363,342**	4.8	9.9	4.9	3.1
Discrete Semiconductors	18,201	20,170	**20,207**	**20,800**	-4.9	10.8	0.2	2.9
Optoelectronics	27,571	29,868	**32,493**	**33,613**	5.3	8.3	8.8	3.4
Sensors	8,036	8,502	**8,630**	**9,077**	0.3	5.8	1.5	5.2
Integrated Circuits	251,776	277,302	**290,991**	**299,852**	5.7	10.1	4.9	3.0
Analog	40,117	44,365	48,019	49,781	2.1	10.6	8.2	3.7
Micro	58,688	62,072	62,547	63,617	-2.6	5.8	0.8	1.7
Logic	85,928	91,633	97,158	99,795	5.2	6.6	6.0	2.7
Memory	67,043	79,232	83,267	86,659	17.6	18.2	5.1	4.1
Total Products - $M	305,584	335,843	**352,321**	**363,342**	4.8	9.9	4.9	3.1

Note: Numbers in the table are rounded to whole millions of dollars, which may cause totals by region and totals by product group to differ slightly.

SEMI, the global industry association for companies that supply manufacturing technology and materials to the world's chip makers, today reported that worldwide sales of semiconductor manufacturing equipment totaled $37.50 billion in 2014, representing a year-over-year increase of 18 percent. 2014 total equipment bookings were 8 percent higher than in 2013.

Compiled from data submitted by members of SEMI and the Semiconductor Equipment Association of Japan (SEAJ), the Worldwide SEMS Report is a summary of the monthly billings and bookings figures for the global semiconductor equipment industry. The report, which includes data for seven major semiconductor producing regions and 24 product categories, shows worldwide billings totaled $37.50 billion in 2014, compared to $31.79 billion in sales posted in 2013. Categories cover wafer processing, assembly and packaging, test, and other front-end equipment. Other front-end includes mask/reticle manufacturing, wafer manufacturing, and fab facilities equipment.

Spending rates increased for all the regions tracked in the WWSEMS report, except for Taiwan. Even with the annual decrease, Taiwan remained the largest market for new semiconductor equipment for the third year in a row with $9.41

billion in equipment sales. The North American market held onto the second place with $8.16 billion in sales; South Korea maintained its third position with total sales of $6.84 billion. China moved up in the rankings, surpassing Japan with $4.37 billion in sales.

The global assembly and packaging segment increased 33 percent; total test equipment sales increased 31 percent; other front end equipment segment increased 15 percent; and the wafer processing equipment market segment increased 15 percent.

Figure 9: Semiconductor Capital Equipment Market by World Region (2013-2014)

(Dollar in U.S. billions; Percentage Year-over-Year)	2014	2013	% Change
Taiwan	9.41	10.57	-11%
North America	8.16	5.27	55%
South Korea	6.84	5.22	31%
China	4.37	3.37	30%
Japan	4.18	3.38	24%
Europe	2.38	1.91	25%
Rest of World	2.15	2.07	4%
Total	37.50	31.79	18%

Source: SEMI/SEAJ March 2015
Note: Figures may not add due to rounding. http://www.semi.org/node/55306

The most recent edition of the SEMI World Fab Forecast report -- which tracks fab spending for construction and equipment, as well as capacity changes, and technology nodes transitions and product type changes by fab -- reveals a positive forecast. The report shows that fab equipment spending in 2014 increased 20 percent, is expected to rise 15 percent in 2015, with another increase of 2-4 percent in 2016. Spending on construction projects, which typically represents new cleanroom projects, will see a significant decline in 2015 with -32 percent, but is expected to increase by 32 percent in 2016. Since its last publication in November 2014, about 270 updates were made including data on 17 new facilities.

Figure 10: GFab Equipment/Fab Construction (2013-2016)

	2013	2014	2015	2016
Fab equipment*	$29.4	$35.2	$40.5	$41 to $42
Change % Fab equipment	-10.0%	19.8%	15.0%	2% to 4%
Fab construction US$	$8.8	$7.7	$5.2	$6.9
Change % construction	13.6%	-11.0%	-32.0%	+32.0%

* Chart US$, in billions; Source: SEMI, March 2015; SEMI World Fab Forecast and its related Fab Database reports track any equipment needed to ramp fabs, upgrade technology nodes, and expand or

change wafer size, including new equipment, used equipment, or in-house equipment and spending on facilities for installation.
Most fab equipment spending in 2015 is for foundry, memory, and Logic+MPU. Discretes including LED remain at about 4 percent share, MEMS/Other about 2-3 percent and Analog at less than1 percent. Distribution will not change for 2016, except for foundry spending, which continues to increase year-over-year.
http://www.semi.org/en/node/55151

Comparing regions across the world, according to SEMI, the highest fab equipment spending in 2015 will occur in Taiwan, with US$ 11.9 billion, followed by Korea with US$ 9 billion. The region with third largest spending, the Americas, is forecast to spend about US$ 7 billion. Yet growth will decline in the Americas, by 12 percent in 2015, and decline by 12 percent in 2016 again. Fourth in spending is China, with US$ 4.7 billion in 2015 and US$ 4.2 billion in 2016. In other regions, Japan’s spending will grow by about 6 percent in 2015, to US$ 4 billion; and 2 percent in 2016, to US$ 4.2 billion. The Europe/Mideast region will see growth of about 20 percent (US$ 2.7 billion) in 2015 and over 30 percent (US$ 3.5 billion) in 2016. South East Asia is expected to grow by about 15 percent (US$ 1.3 billion) in 2015 and 70 percent (US$ 2.2 billion) in 2016.

SEMI projects that worldwide sales of new semiconductor manufacturing equipment will increase 19.3 percent to $38.0 billion in 2014, according to the SEMI Year-end Forecast, released today at the annual SEMICON Japan exposition. In 2015, strong positive growth is expected to continue, resulting in a global market increase of 15.2 percent before moderating in 2016.

The SEMI Year-end Forecast predicts that wafer processing equipment, the largest product segment by dollar value, is anticipated to increase 17.8 percent in 2014 to total $29.9 billion. The forecast predicts that the market for assembly and packaging equipment will increase by 30.6 percent to $3.0 billion in 2014. The market for semiconductor test equipment is forecast to increase by 26.5 percent, reaching $3.4 billion this year. The “Other Front End” category (fab facilities, mask/reticle, and wafer manufacturing equipment) is expected to increase 14.8 percent in 2014.

For 2014, Taiwan, North America, and South Korea remain the largest spending regions. In terms of percentage growth, SEMI forecasts that in 2015, Europe will reach equipment sales of $3.9 billion (47.9 percent increase over 2014), Taiwan will reach $12.3 billion (28.1 percent increase), and South Korea sales will hit $8.0 billion (25.0 percent increase).

Figure 11: Semiconductor Equipment Sales Forecast in 2015

(by Market Region)

Unit：10 Billion USD ；%

Rank	Region	2015	Annual Growth (%)
1	Taiwan	11.9	40%
2	South Korea	8.7	19%
3	North America	6.7	-12%
4	China	4.8	17%
5	Japan	4.2	10%
6	EUR/Mid East	2.7	16%
7	East South Asia	1.3	15%
	Others	2	-
	Total	40.5	15%

Source：SEMI/SEAJ，2015/03

Figure 12: Semiconductor materials market by region, 2014

SEMI: Semiconductor materials market by region, 2014 (US$b)			
Region	2013	2014	Y/Y
Taiwan	8.91	9.58	8%
Japan	7.17	7.19	0%
South Korea	6.87	7.03	2%
Rest of World*	6.64	6.66	0%
China	5.66	5.83	3%
North America	4.76	4.98	5%
Europe	3.04	3.08	1%
Total	43.05	44.35	3%

(*Defined as Singapore, Malaysia, Philippines, other areas of Southeast Asia and smaller global markets/Source: SEMI, April 2015)

The global semiconductor materials market increased 3% in 2014 compared to 2013, while worldwide semiconductor revenues increased 10%, according to SEMI. Revenues of US$44.3 billion mark the first increase in the semiconductor materials market since 2011.

Total wafer fabrication materials and packaging materials were US$24 billion and US$20.4 billion, respectively, said SEMI. Comparable revenues for these segments in 2013 were US$22.7 billion for wafer fabrication materials and US$20.4 billion for packaging materials. The wafer fabrication materials segment increased 6% on year, while the packaging materials segment remained flat.

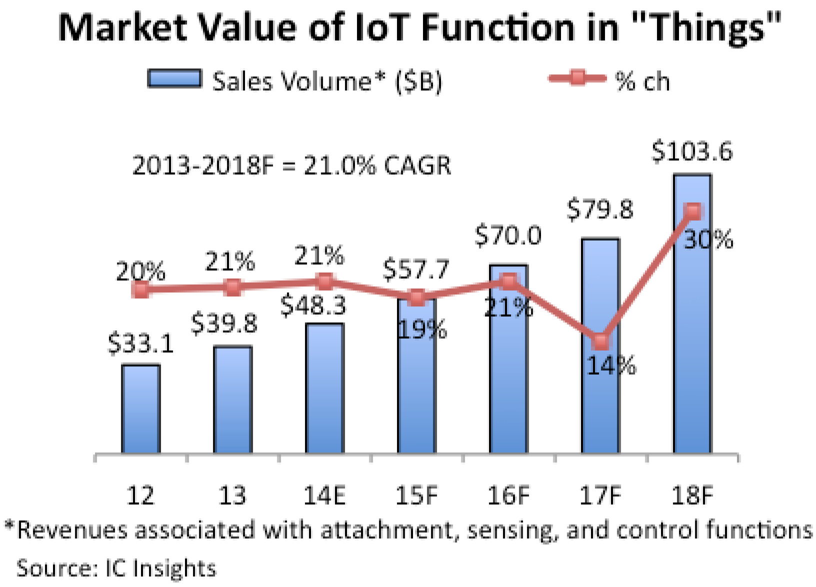
However, if bonding wire were excluded from the packaging materials segment, the segment would increase more than 4% in 2014, SEMI indicated. The continuing transition to copper-based bonding wire from gold is negatively impacting overall packaging materials revenues.

For the fifth consecutive year, Taiwan was the largest consumer of semiconductor materials due to its large foundry and advanced packaging base, totaling US$9.8 billion, SEMI noted. Japan claimed the second spot.

http://global.ofweek.com/news/SEMI-reports-2014-semiconductor-materials-sales-of-US-44-3-billion-27507

IC Insights estimates that sales generated by the IoT portion of systems (meaning the functions for Internet communications and sensor subsystems) will total $48.3 billion in 2014 and grow 19% in 2015 to $57.7 billion. By 2018, the market value of IoT subsystems in equipment and Internet-connected things is projected to reach $103.6 billion worldwide, which represents a compound annual growth rate (CAGR) of 21.0% from $39.8 billion in 2013 (Figure 1). More importantly, IoT functionality designed into equipment and web-enabled objects will become a pivotal factor in the sale of nearly half of all end-use systems by the end of this decade as connections to the Internet of Things becomes more common and expected by consumers and businesses.

Chart 2

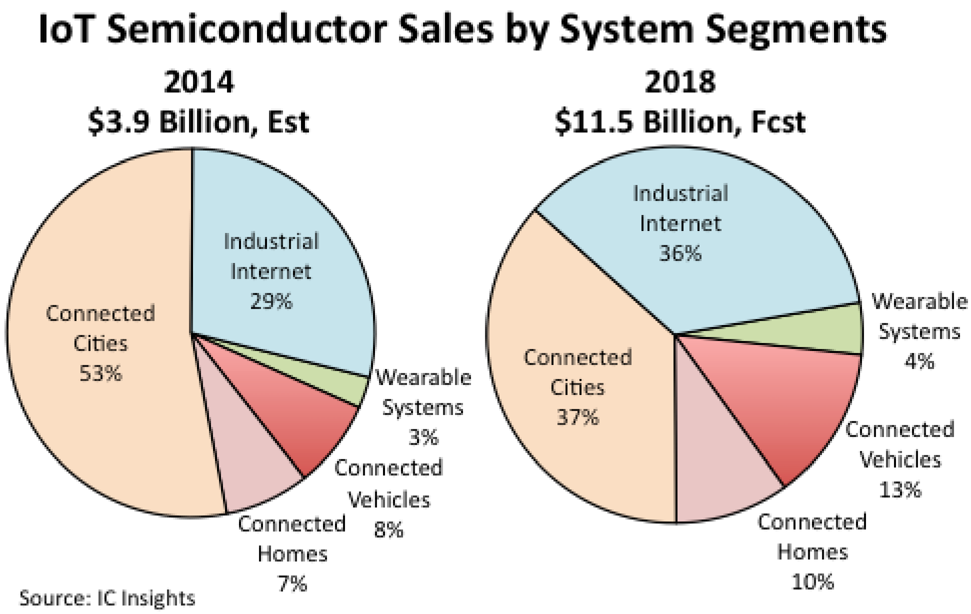


The new *IC Market Drivers* report shows IoT-related semiconductor sales growing 19% to $5.6 billion in 2015 and rising by a CAGR of 24.3% in the 2013-2018 period, reaching $11.5 billion in the final year of the forecast. About 65% of the projected 2018 IoT semiconductor revenues are expected to come from ICs and 35% from optical, sensors/actuators, and discretes (O-S-D). In 2013, about 71% of the $3.9 billion in IoT-related semiconductor sales were generated by ICs ($2.7 billion) vs. a little over 29% from O-S-D ($1.1 billion, most of which was for sensors).

According to the 2015 report, and seen in Figure 2, the largest IoT semiconductor market segment through the forecast period will continue to be connected cities (which includes "smart" electric grids, roads and streetlights, and other public infrastructure applications) with sales reaching $4.2 billion—a CAGR of 15.0% between 2013 and 2018. The second-largest semiconductor IoT category—the industrial Internet—will nearly catch up with the connected cities group, primarily due to high growth in factories, logistics, and medical systems applications. Semiconductor revenues for the connected homes category will push past the $1 billion mark in 2018 with a CAGR of 32.8% from just $275 million in 2013. Connected automotive systems—mainly in passenger cars—represent a high growth potential between 2013 and 2018 with annual semiconductor sales forecast to reach $1.5 billion worldwide, which represents a CAGR of 43.8% through 2018. Semiconductor sales for wearable systems that connect to the Internet are projected to climb by a CAGR of 46.9% to $528 million in 2018 from about $76 million in 2013.

While IoT is expected to see strong growth in the next fives years, ICs used in connections to the Internet of Things represented only 1% of total integrated circuit sales in 2014. In 2018, IoT-related ICs are expected to account for about 3% of the total $348.1 billion IC market that year, according to the new report's forecast. Beyond embedded IoT subsystems in connected applications, the proliferation of the Internet of Things will expand the use of cloud computing and web servers as well as require upgrades to the overall Internet infrastructure in order to handle growing amounts of data coming from attached systems and things by 2020. The impact of IoT on servers and the Internet is also covered in the *IC Market Drivers 2015* report.

Chart 3



The total production value of electronic systems is projected to increase 5% in 2014 to $1.49 trillion and climb to about $1.82 trillion in 2018, which represents a compound annual growth rate (CAGR) of 5.2% from $1.41 trillion in 2013, according to IC Insights' new 2015 edition of *IC Market Drivers—A Study of Emerging and Major End-Use Applications Fueling Demand for Integrated Circuits*. The new 480-page report shows cellphones extending their lead over standard personal computers (desktops and notebooks) as the *largest electronic* *systems market* in 2014 after overtaking PCs for the first time in 2013. The report also shows the cellphone market extending its lead as the *largest end-use IC application* in 2014, accounting for 25% of total integrated circuit sales in 2014 versus standard PCs representing 21%.

Chart 4 compares the relative market sizes and projected growth rates of 10 major systems segments among a couple dozen end-use electronic product categories covered in the *2015 IC Market Drivers* report. Systems sales associated with the emerging Internet of Things are expected to rise by the fastest rate in the forecast period, growing by a CAGR of 21.1%.

In 2014, cellphone handsets are expected to account for 18% of worldwide electronic systems sales ($265.2 billion) versus standard PCs being 13% ($196.0 billion) of the total this year. In 2013, PCs represented 15% of worldwide systems sales while cellphones were slightly less than 18% of the total, based on the new report's market analysis. Tablet sales are expected to account for 6% of 2014 systems revenues compared to 5% in 2013, while dollar volumes for Internet of Things functions (embedded in end-use applications) are projected to represent 3% of the total electronics market, up slightly from 2013.

After dominating integrated circuit sales for most of the last two decades, standard PCs were unseated by cellphones as the largest end-use IC application in 2013. The new *2015 IC Market Drivers* report estimates cellphone integrated circuit sales will grow 11% in 2014 to $70.7 billion from $63.5 billion in 2013. Cellphone IC sales are forecast to rise another 11% to $78.4 billion in 2015. Standard PC IC sales will pull out of a two-year slump (-11% in 2012 and -10% in 2013) to grow 4% in 2014, reaching $59.1 billion, according to the new report. PC IC sales are forecast to grow 2% in 2015 to $60.6 billion.

Chart 4

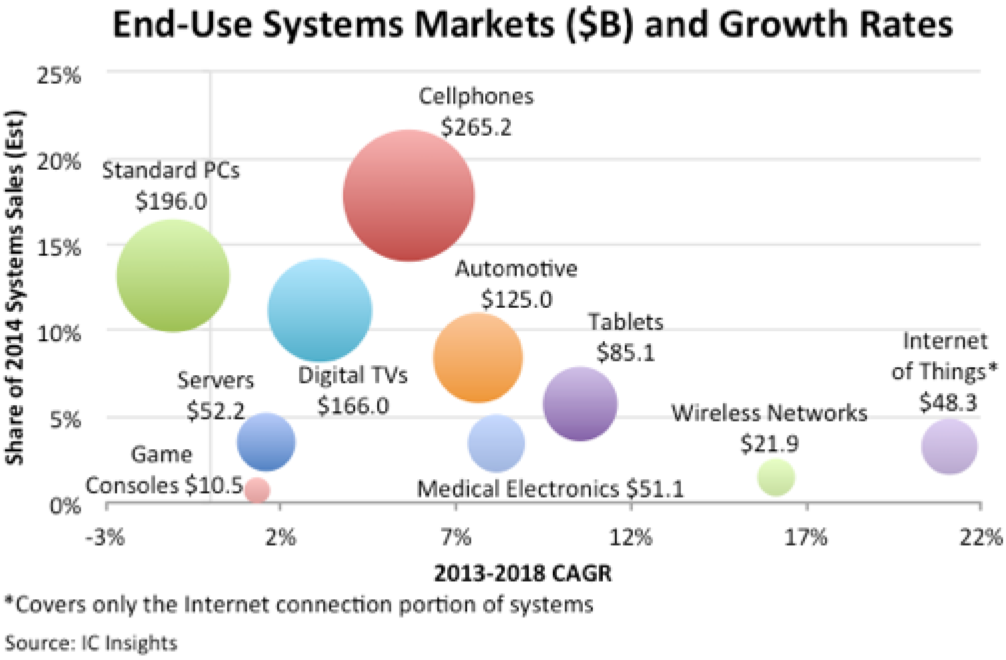
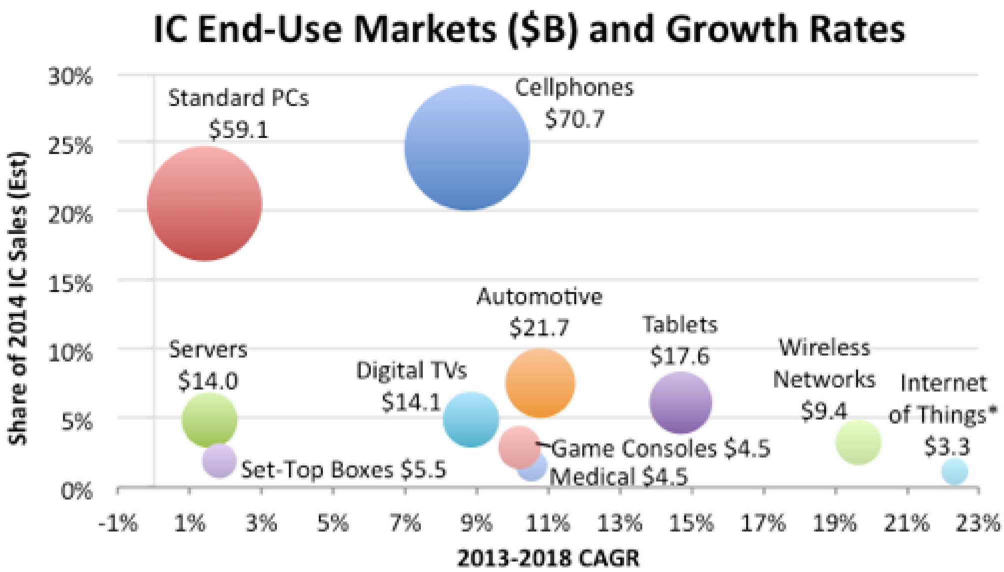


Chart 5 shows the market sizes and projected growth IC sales for 11 major end-use systems categories, based on the five-year forecasts in the *2015 IC Market Drivers* report.

Chart 5



*Covers only the Internet connection portion of systems

Source: IC Insights

Among these 11 end-use market segments, IC sales growth is expected to be the strongest in subsystems for the Internet of Things (a CAGR of 22.3%), wireless networks (19.7%), and tablet computers (17.4%) in the five-year forecast period of the *2015 IC Market Drivers* report. IC revenues generated by these 11 end-use systems categories represented 76% of total integrated circuit sales worldwide in 2014 and are expected to account for 85% in 2018.

②Current Status and development of IC industry in Taiwan and China

The ITRI-IEK estimated that Taiwan IC revenue in 2014 will reach NT$2,098.1B (US$70.4B) (11.1% increase from 2013), with 576.3B in design (US$19B) (up 19.8%), NT$914B in manufacturing (US$30.1B) (20.4% growth), NT$316B in packaging (US$10.4B) (11.1% rise), and NT$137.9B in testing (US$4.5B) (up 8.9%). Exchange rate NTD/USD is 30.4.

Fugure 13: Sales of Taiwan IC industry in Taiwan, 2014

NTD 0.1billion；%

億新台幣	14Q1	季成長	年成長	14Q2	季成長	年成長	14Q3	季成長	年成長	14Q4	季成長	年成長	2014 年	年成長
IC 產業產值	4,736	-3.4%	15.3%	5,512	16.4%	14.8%	5,883	6.7%	15.9%	5,902	0.3%	20.4%	22,033	16.7%
IC 設計業	1,253	-3.0%	23.8%	1,456	16.2%	19.7%	1,549	6.4%	20.0%	1,505	-2.8%	16.5%	5,763	19.8%
IC 製造業	2,458	-3.6%	13.1%	2,880	17.2%	13.5%	3,116	8.2%	15.3%	3,277	5.2%	28.5%	11,731	17.7%
晶圓代工	1,807	-2.7%	6.2%	2,215	22.6%	12.3%	2,438	10.1%	18.3%	2,680	9.9%	44.2%	9,140	20.4%
記憶體製造	651	-6.1%	37.6%	665	2.2%	17.7%	678	2.0%	5.6%	597	-11.9%	-13.9%	2,591	9.2%
IC 封裝業	710	-3.4%	11.8%	815	14.8%	12.6%	845	3.7%	12.7%	790	-6.5%	7.5%	3,160	11.1%
IC 測試業	315	-3.1%	9.8%	361	14.6%	12.1%	373	3.3%	12.3%	330	-11.5%	1.5%	1,379	8.9%
IC 產品產值	1,904	-4.1%	28.2%	2,121	11.4%	19.1%	2,227	5.0%	15.2%	2,102	-5.6%	5.9%	8,354	16.3%
全球半導體成長率	-	-	-	-	-	-	-	-	-	-	-	-	-	9.9%

Soruce：TSIA； IEK，2015/02

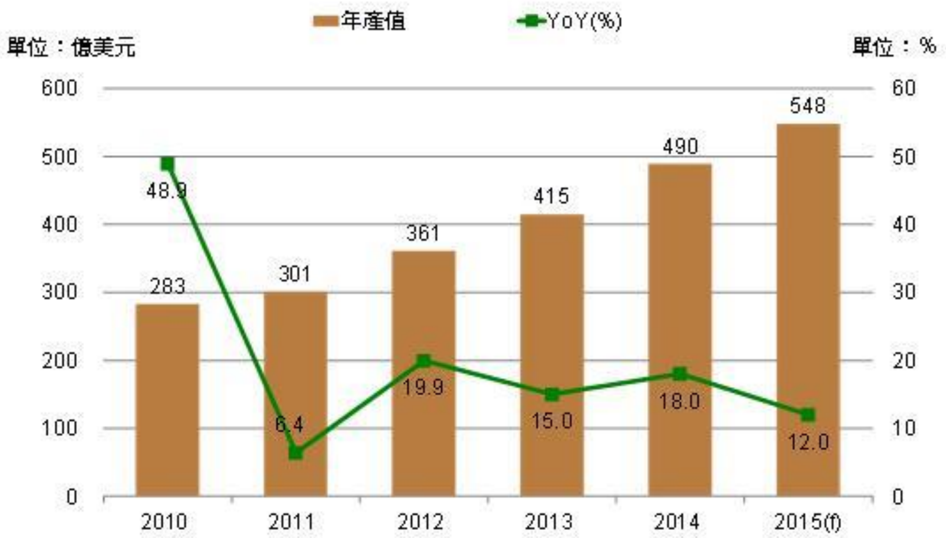
Figure 14: Sales of IC industry in Taiwan, 2010 to 2014

0.1B NTD:%

億新台幣	2010年	2010年成長率	2011年	2011年成長率	2012年	2012年成長率	2013年	2013年成長率	2014年	2014年成長率
IC 產業產值	17,693	38.3%	15,627	-11.7%	16,342	4.6%	18,886	15.6%	22,033	16.7%
IC 設計業	4,548	17.9%	3,856	-15.2%	4,115	6.7%	4,811	16.9%	5,763	19.8%
IC 製造業	8,997	56.0%	7,867	-12.6%	8,292	5.4%	9,965	20.2%	11,731	17.7%
晶圓代工	5,830	42.8%	5,729	-1.7%	6,483	13.2%	7,592	17.1%	9,140	20.4%
記憶體製造	3,167	88.1%	2,138	-32.5%	1,809	-15.4%	2,373	31.2%	2,591	9.2%
IC 封裝業	2,870	30.6%	2,696	-6.1%	2,720	0.9%	2,844	4.6%	3,160	11.1%
IC 測試業	1,278	32.3%	1,208	-5.5%	1,215	0.6%	1,266	4.2%	1,379	8.9%
IC 產品產值	7,715	39.2%	5,994	-22.3%	5,924	-1.2%	7,184	21.3%	8,354	16.3%
全球半導體成長率	-	31.8%	-	0.4%	-	-2.7%	-	4.8%	-	9.9%

Source：TSIA； IEK，2015/02

According to MIC research institution, the revenue of IC industry in 2014 reached 2,210 billion (17.37% grow compared with 2013). Driving force of IC industry benefits from Apple Watch and IoT. IC market forecast is about 336.3 billion USD.(3.1% grow, compared with 2014)



Source: ：DIGITIMES，2015/02

Chart 6: Trend and forecast of Global IC Fabless 2010-2015

Figure 15: Global Semiconductor sales analysis from 2010 to 2014(by Market Region)

0.1 billion USD；%

Region	2000		2014		Yearly Growth
	Sales	Market Share	Sales	Market Share	
North America	640.71	31.3%	657.63	19.7%	4.8%
EUR	423.09	20.7%	379.23	11.4%	1.8%
JAPAN	467.49	22.9%	352.39	10.6%	0.5%
Asia	512.65	25.1%	1,942.26	58.3%	13.0%
China	113.86	5.6%	1,690.40	50.7%	21.4%

Source：WSTS， 2015/03

Figure 16: Worldwide Semiconductor supplier sales ranking in China 2014

Unit：0.1billion USD；%

Rank	Company Name	Sales revenue in China	Market share in China
1	Intel(英特爾)	499.64	51.2%
2	Samsung Electronics(三星)	382.73	50.4%
3	Qualcomm (高通)	192.66	48.7%
4	Micron (美光)	163.89	41.0%
5	SK Hynix (海力士)	157.37	55.3%
6	Texas Instruments (德州儀器)	121.95	42.6%
7	Toshiba (東芝)	84.96	39.2%
8	Broadcom (博通) **	83.87	50.5%
9	STMicroelectronics (意法半導體)	73.95	40.1%
10	MediaTek (聯發科)	71.94	82.3%
11	Renesas Electronics (瑞薩電子)	69.10	31.3%
12	Sandisk (閃迪或新帝)	61.16	30.6%
13	Infineon Technologies (英飛凌)	60.71	30.1%
14	NXP (恩智浦)	54.57	31.6%
15	Avago (安華高科技)	54.28	49.3%
16	AMD (超微) **	53.88	47.5%
17	Freescale(飛思卡爾)	45.60	68.5%
18	Sony (索尼)	45.28	21.4%
19	Nvidia (輝達或英偉達)	40.07	38.0%
20	Mavell (美滿电子或邁威爾)	38.12	74.9%
	合計	2,355.73	47.8%

Source:

Figure 17: Forecast of IC market and growth in China from 2015 to 2017

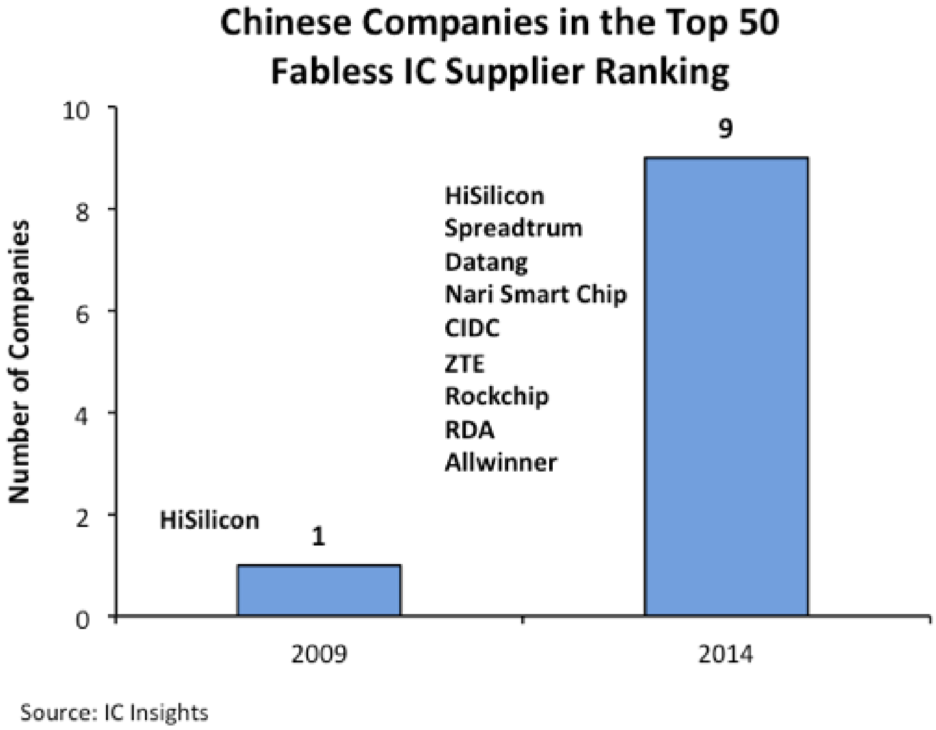
0.1billion RMB: %

	2014	2015	2016	2017
Market Size	10,393.1	11,131.0	12,021.4	13,103.4
Growth	13.4%	7.1%	8.0%	9.0%

source：Ccid ConsulTing Company Limited，2015/03

China's ambitious late-1990s plan to create numerous high-volume indigenous IC manufacturers in the pure-play foundry segment did not come to fruition, but the Chinese government is still very serious about keeping China and Chinese IC suppliers relevant in the future IC industry. In 2014, the Chinese government described new semiconductor industry programs that will utilize investment by both the Chinese national government ($19.5 billion) and local government and private equity investors ($97.4 billion). IC Insights believes that these outlays have to potential to significantly change the future IC supplier landscape.

Chart 7: Chinese Companies in the Top 50 Fabless IC Supplier Ranking



As Chinese IC design houses continue to advance, IC Insights expects an increasing number of China-headquartered companies to move up in the ranking of top fabless IC suppliers. As shown in Figure 1, there were nine Chinese companies among the top-50 fabless companies in 2014 as compared to only one company in 2009.

In total, the Chinese fabless IC suppliers held 8% of the top 50 fabless IC market ($80.5 billion) in 2014 and currently hold twice as much top 50 fabless IC marketshare as the European and Japanese companies combined! Nineteen U.S. companies were represented among the top 50 fabless suppliers in 2014, and they accounted for 64% of the total top 50 fabless company IC sales. In 2014, Japan held less than 1% and the “other” countries (e.g., South Korea, Singapore, etc.) represented only 6% of the market held by the top 50 fabless IC suppliers.

Although its original plan of establishing numerous large indigenous IC manufacturers in China was not successful, it is obvious that the Chinese government still intends to create a dynamic environment in the China-based IC industry, including placing additional emphasis on establishing new fabless IC suppliers. IC Insights believes that the Chinese government’s commitment to creating a more powerful Chinese presence in the future IC industry is alive and well and should be taken seriously

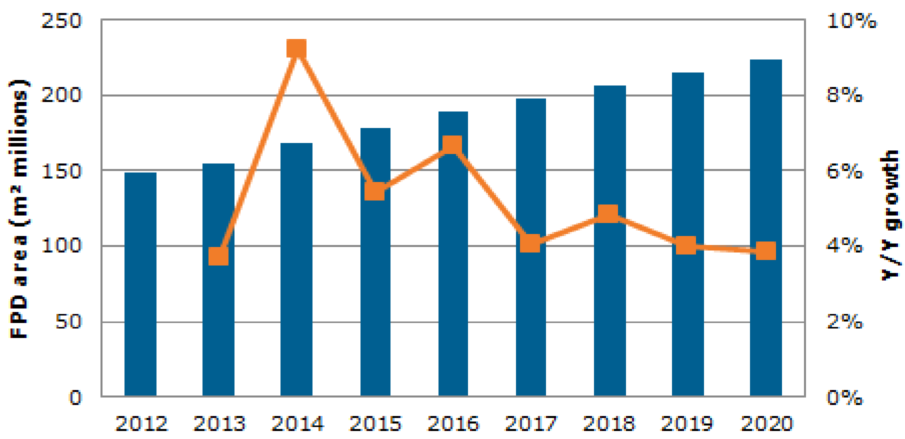
(2)Current status and development of Worldwide TFT-LCD industry

Flat Panel Display Area Demand Growing Rapidly, According to IHS

Increasing sizes of display panels for TVs, smartphones, mobile PCs, and automotive displays are driving increases in total flat-panel-display area demand growth.

Once focused on unit growth, the entire global flat-panel display (FPD) industry is now shifting to focus on area-demand growth. According to IHS (NYSE: IHS), the leading global source of critical information and insight, display panel shipments for all FPD applications grew 9% Y/Y to reach 168.9 million square meters in 2014. Total FPD display area demand is expected to grow at a compound annual growth rate (CAGR) of 5% from 2012, reaching 223.6 million square meters in 2020.

Figure 8: Flat Panel Display Demand and Y/Y Growth by Area (in millions of square meters)



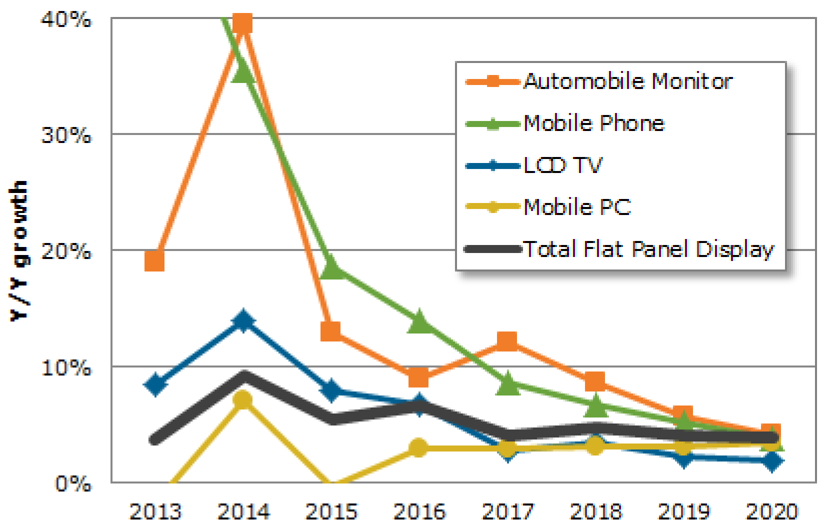
Source: IHS Display Search (Quarterly Worldwide FPD Shipment and Forecast Report)，2015/01
http://www.displaysearch.com/cps/rde/xchg/displaysearch/hs.xsl/150129_flat_panel_display_area_demand_growing_rapidly.asp

"The trend toward bigger displays continued in the flat panel display industry in 2014," said Yoshio Tamura, director of display research for IHS Technology, formerly with DisplaySearch. "There were four major driving forces leading to a strong upgrade of the average FPD display sizes: consumer demand for larger LCD TVs, soaring demand for 5"+ smartphones, larger automotive display screens, and larger tablet PCs."

Annual growth by area for major FPD applications in 2015 is forecast to reach 5%, which is down from 9% in 2014. Slowing growth is mainly caused by the maturity of some FPD applications, and a slowdown in the trend toward larger size screens for LCD

TVs and smart handheld devices.

Figure 9: Major FPD Applications Y/Y Growth in Area

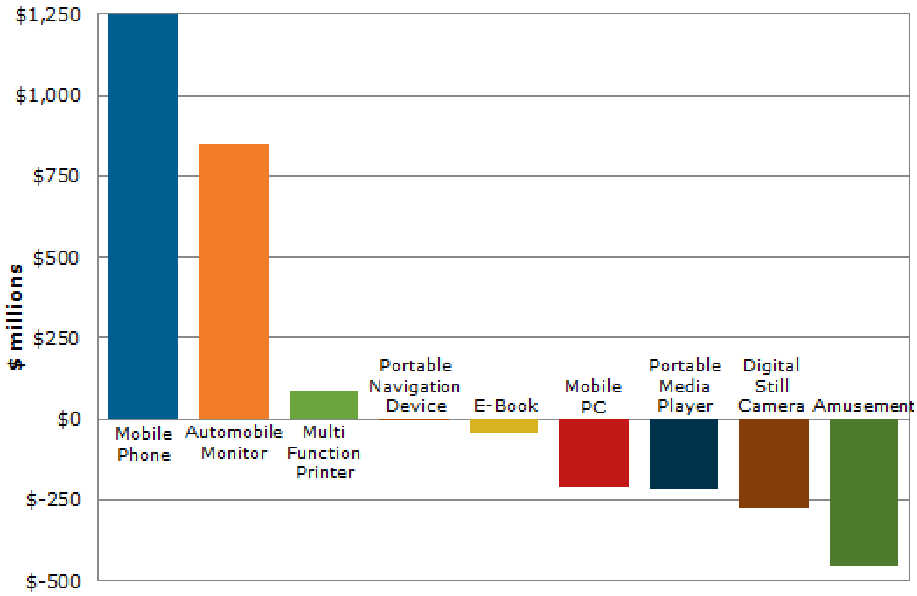


Source: IHS Display Search (Quarterly Worldwide FPD Shipment and Forecast Report)，2015/01
http://www.displaysearch.com/cps/rde/xchg/displaysearch/hs.xsl/150129_flat_panel_display_area_demand_growing_rapidly.asp

Smartphone and Automotive Display Revenue Swelled in 2014, as Demand for Other Small/Medium Display Categories Stalled, IHS Says

As smartphones cannibalized product sales in other small/medium flat-panel-display (FPD) categories in 2014, automotive display revenues rose to become the second-highest growth category, according to IHS (NYSE: IHS), the leading global source for critical information and insight. Based on the latest information from the IHS Technology Quarterly Small/Medium Shipment and Forecast Report, in 2014, automotive display revenues (not including aftermarket displays) increased 26 percent year over year, to reach $848 million. The mobile phone display market increased 4 percent, reaching $1.2 billion, while multi-function printer displays rose 148 percent to reach $85 million.

Figure 10: Small/Medium Display Revenue Fluctuation by Application (2013 vs. 2014)



Source：IHS Display Search（Quarterly Small/Medium Shipment and Forecast Report），2015/02)
http://www.displaysearch.com/cps/rde/xchg/displaysearch/hs.xsl/150223_smartphone_and_automotive_display_revenue_swelled_in_2014.asp

Samsung, LGE and Sony to Account for Nearly Half of All TV Display Panels Shipping in 2015, IHS Says

The panel-allocation dominance of the three leading TV makers will be more pronounced this year, which will put more competitive pressure on smaller competitors.

The leading global TV brands—Samsung, LGE, and Sony—gained market share and increased their shares of LCD TV shipments by an average of 11% Y/Y in 2014, which is higher than the market average. According to IHS (NYSE: IHS), the leading global source of critical information and insight, the top three TV brands purchased more than one third (37%) of the total global TV panel supply in 2014, and they will continue to increase their share this year. Overall, the top three brands are expected to grow their LCD TV shipments 16% Y/Y, to reach 110 million units or 42% of all TV panel shipments from their suppliers in 2015.

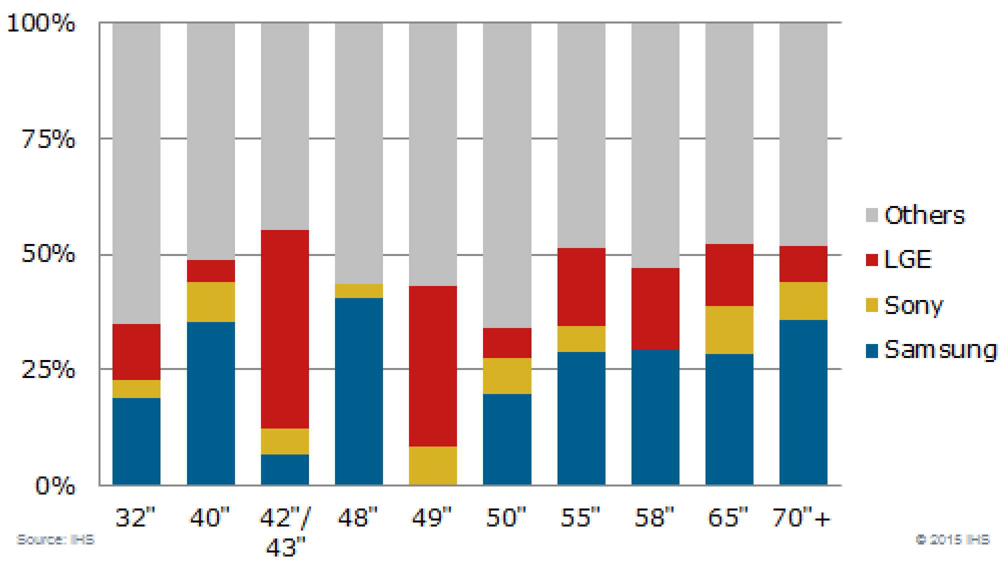
"Based on very optimistic shipment targets, the panel-allocation dominance of these three companies—Samsung, in particular—will be even more pronounced, which will put more pressure on smaller competitors," said Deborah Yang, display supply chain research director for IHS
Technology, formerly DisplaySearch. "The three leading TV manufacturers will, therefore, have greater influence over the global panel supply this year, causing panel makers to list them as first priority customers."

In the LCD TV industry, the companies controlling panel allocations during a shortage will garner the most market share. Companies that purchase panels at competitive prices during an over-supply can also save on costs, which helps raise profits. TV makers also prefer a shortage to an over-supply, because a shortage can stimulate consumer purchases; in an over-supply situation, prices fall quickly, which encourages consumers to postpone purchases, while they wait for even better bargains.

"For Samsung, LGE, and Sony, it makes sense to obtain large allocations and make the market tighter, especially when they dominate purchasing and can influence panel allocations," Yang said. "Meanwhile, panel makers are encouraged to support them, because they must look for long-term winners, rather than just supporting smaller, niche players."

The top three TV brands' influence over certain panel sizes will also increase this year, according to the Quarterly LCD TV Value Chain & Insight Reportfrom IHS. Based on 2015 LCD TV manufacturers' business plans, the top three players will use more than half of all panel allocations for six of the most popular panel sizes. If there are shortages, other TV manufacturers will have difficulty obtaining allocations for these sizes. "For 48", 49", and 58" sizes in particular, the purchasing power of the three TV market leaders is very strong," Yang said. "As panel allocations for the largest companies become even bigger, smaller players could be forced to take a niche approach or be squeezed out entirely."

Figure 11: 2015 Share of Global Panel Supply for Top TV Brands



Source：IHS Display Search LCD (Quarterly LCD TV Value Chain & Insight Report), 2015/02
http://www.displaysearch.com/cps/rde/xchg/displaysearch/hs.xsl/150302_samsung_lge_sony_to_account_for_nearly_half_of_all_tv_display_panels_shipping.asp
TV panel will keep uplifting in2014 is undoubtedly a fruitful year for the panel industry. In addition to the overall increase in panel price, even though the industry has already entered the mature stage, the four major applications (TV, monitor, notebook and tablet) still reached a total panel shipment of 826.8 million units, showing a stellar performance of 2.2% annual growth rate. This is considered as a rare performance of increases in both

price and shipments. Winnie Chen, Assistant Manager at WitsView, a research division of TrendForce, indicates that the 2015 panel industry supply/ demand balance will not be as tight as 2014. With the basis of not considering the panel maker's production capacity adjustment, the glut ratio will increase from the -0.4% of 2014 to 5.4% in 2015.
In 2015, the overall supply and demand situation is healthy, but it is not one without concerns. "Even panel demand might not be bad in the first quarter of 2015, which is considered as slow season, the inventory will keep accumulating and might hit a relatively high level in the second quarter. At the same time, the start of three whole-new Generation 8.5 product lines in China will be joining the production. Both factors will possibly harm the industry's confidence," said Chen. Therefore, one of the key points to observe in next year is whether or not the hot season will be hot in the second half of 2015.

TV panel will keep uplifting in terms of quantity, size and area
WitsView forecasts the 2015 TV panel shipment annual growth rate to be at 3.4%. With the popular trend of larger panels, the average size of shipped panel grew by 0.5 inches and the area was also enlarged by 6.3%. In addition to the overall increase in quantity, size and area, the market's focal point on the 4K penetration will also grow continuously. Therefore, for the TV Panel Market, 2015 is still a year with a lot of expected chatter and buzz.

Monitor and notebook panels challenged by declining shipments
Even though in 2015, the monitor and notebook panel shipments may both face the challenges of falling shipments, the developments for specification upgrades remain hopeful. "Following the footsteps of increase TV panel sizes, monitors are also aggressively expanding their large-sized product ratio; the 2015 monitor panel shipment's area is expected to grow by 2.6%," said Chen. On the other hand, while the notebook panels are lacking in size increases, Taiwanese panel makers, AUO and Innolux are focused on high resolution products to battle against Korean panel makers, Samsung and LGD's wide-viewing angle panels strategy. The dual development engines will instill new momentum into the 2015 notebook panel market.

Tablet panels to see 1.3% decline in shipment
Tablet panel's performance is relatively weak. Due to the gradual product maturation, this year's slowing demand climate will be likely to continue into 2015, dragging down the panel to show a 1.3% of decline in shipment. Even though large-sized panel continues to be launched, small-sized products has not been affected to remain still as the main stream. Therefore, the area may also encounter a 0.9% annual decline.

Chart 18 : 2014-2015 Large-Sized Panel Shipment Forecast

Applications	2014	2015	Annual Growth Rate
TV	244.7	253.1	3.4%
Monitor	156.5	155.8	-0.5%
Notebook	190.6	188.2	-1.2%
Tablet	235.0	232.0	-1.3%

Unit: million
Source: WitsView, Dec., 2014

Source: WitsView, Dec, 2014

Current Status and Development of TFT-LCD Industry in Taiwan and Mainland China

Based on the statistics of PIDA, The total value of Taiwan’s electro-optical industry in 2014 has reached NT$ 246.7 billion, which remain the same with the amount in 2013, consisting of 12% from US$ 57.66 billion in global electro-optical industry. TFT-LCD panel and module, touch panel, TFT-LCD materials and parts are the top 3 high value of products.

LED, solar silicon materials, and precision optical components and lenses are the top 3 products with highly increasing rate.

Chart 19: Capacity of Global Main Panel Manufacturers 8.5G

廠商	設廠地區	產能（萬片）
友達	台灣台中（2座廠）	9
群創	台灣台南	6
樂金顯示器	南韓坡州（4座廠）	40.5
	中國廣州	6
三星顯示器	南韓湯井（4座廠）	35
	中國蘇州	5.5
華星光電	中國深圳	12
Panasonic	日本姬路	9
京東方	中國北京	9
	中國合肥	9

Source：WitsView，2015/04

The World’s Top 10 LCD TV Brands Based on Shipments in 2014

LCD TV shipments in 2014 were above expectations with a total of 215 million units shipped and an annual growth of 5.4%, according to WitsView, a division of TrendForce. WitsView’s Research Manager KK Chang listed several factors behind the bustling LCD TV market in 2014. These included North America’s economic recovery, growth driven by the promotion of large-size TVs and PDP replacement demands. Additionally, this year experienced the largest wave of replacement demands for the first time since 2007.

Chinese brands took half of the top ten spots on the account of their aggressive rise

Korean brand Samsung was again the leader of the brand shipment rankings for 2014 with 22.8% of the LCD TV market share. Samsung secured its top brand status because of its successful strategy of pricing large-size TVs competitively. LGE retained its number two position in 2014 with 14% of the market share, way behind the leader but also far ahead of number three.

Major Japanese vendor SONY had a tumultuous 2014 with its TV business split out into a separate company. Nonetheless, its brand equity became useful as the demand for large-size TV surged. SONY's overall performance was impressive as it took 6.8% of the market share, allowing the brand to knock off TCL and regain its number three position.

More Chinese brands were on the top ten list in 2014, occupying positions from the fourth to the seventh. This was a commanding performance compared with the previous year, when only three Chinese vendors managed to squeeze into the shipment rankings. Among the Chinese brands, TCL and Hisense had lower purchasing costs compared to the others, so they were able to promote their products with the most aggressive sales strategies. "The Chinese brands are facing saturation of the domestic market and persistent challenges from major international brands abroad," Chang noted, "but their momentums have been overwhelming." Chinese brands had thus steadily narrowed their distances with their Japanese rivals in 2014.

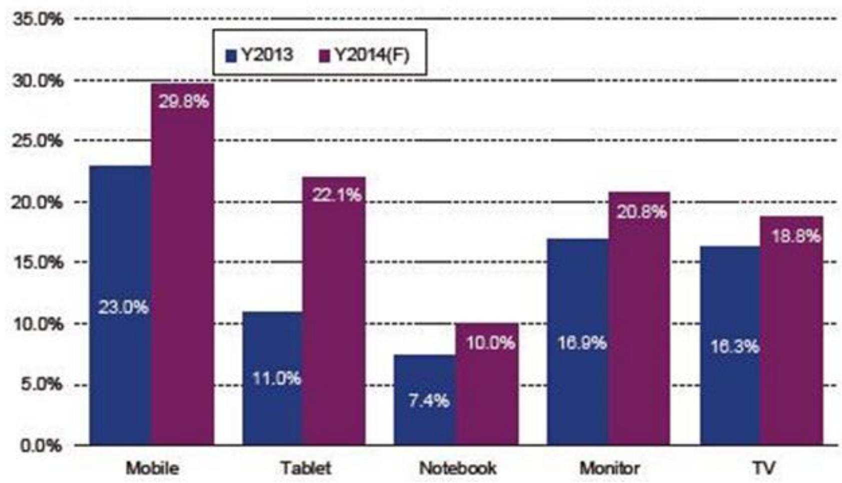
Chart 20: The World's Top Ten LCD TV Brands Based on Shipments in 2014

Unit: million USD; %

Rankings	2013 Company	Market Share	2014 Company	Market Share
1	Samsung	21.0%	Samsung	22.8%
2	LGE	13.7%	LGE	14.9%
3	TCL	7.0%	SONY	6.8%
4	SONY	6.4%	TCL	6.1%
5	Hisense	5.7%	Hisense	6.0%
6	Skyworth	4.9%	Skyworth	4.8%
7	Philips+AOC	4.1%	Konka	3.5%
8	Panasonic/Sanyo	3.9%	Vizio	3.5%
9	Toshiba	3.9%	Changhong	3.5%
10	Sharp	3.8%	Sharp	3.4%
	Others	10.1%	Others	10.0%
Shipment Total (Unit: M)		204.0		215.2

Source：WitsView, 2015/02

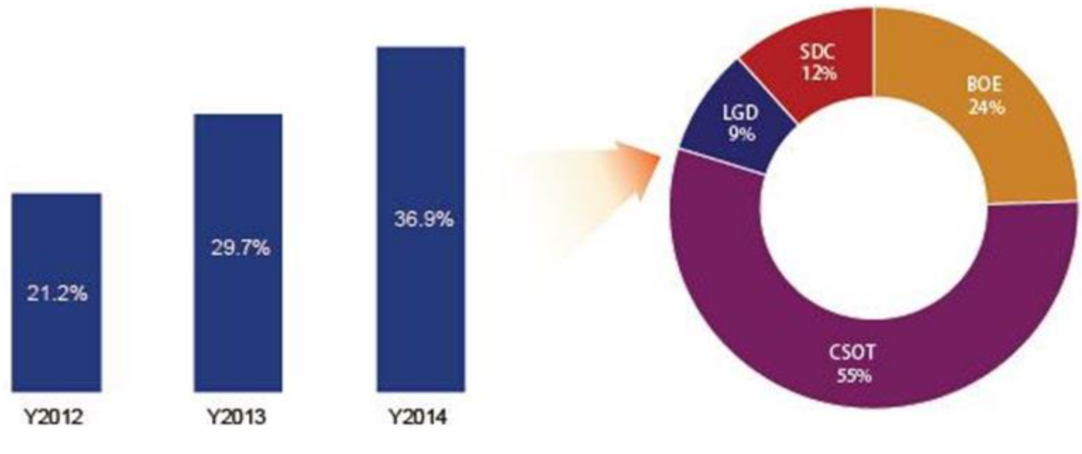
Figure 12 Shipment amount and market share in 2013-2014 of China panel manufactures ,classified by application.



Source: Σintell Marketing Research, 2015/01.

Industrial structure of China's panel industry in 2014 has been apparently upgraded. Small, medium and large hi-end products have a obvious breakthrough. For instance, Tianma Microelectronics has succeeded in mass production and shipment in smartphone panel of LTPS back panel and FHD (full high definition). BOE Technology Co.,Ltd will also begin to produce FHD smartphone panel on a-Si production line. This means to break the monopoly by Japan and Korea's manufacturers. In terms of large size, UHD4K TV panel manufactures, BOE and CSOT have achieved in mass production and shipment for 48 inches or more.

The self-sufficiency rate of TV panel in 2014 was upgraded faster. The rate in China has been going up from 29.7% to 36.9%. CSOT, BOE, Samsung, LG are the major manufacturers in Mainland China.



Source: Σintell Marketing Research, 2015/01.

Note: Statistics include foreign panel manufacturers in China and their domestic shipment amount.

Figure 13, Self-sufficiency rate of TV panel in Mainland China between 2012-2014; Percentage of shipment

Amount consisting of major TV panel manufactuers.

During information age, flat display is everywhere. Panel is the indispensable and key part of consumer's electronics like flat panel TV, tablet and smartphone, etc. Mainland China as worldwide largest manufacturing country for consumer's electronics. In the future, it will become the world's largest and main market and demand for displays. S.Korea, Japan and Taiwan are the main manufacturing bases for the global panel. To break the situation controlled by panel suppliers, China has been actively developing FPD industry in recent years. Gradually Zhujiang Delta, Yangtze River Delta, Bohai Bay and Chuanyu areas have become top 4 FPD industry chain. China's global market share of panel has been increasing year by year. Also, China becomes the densest area for the investment of global panel production line. With multi-production lines that have been launched in 2015, the increase of China's FPD industry will continue to take the lead in the world. Global market share of China-made panel could be rising up to 15% and self-sufficiency could be more than 70%.

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(3)LED Industry

①Global Overview of LED Industry's Current Status and Future Forecast

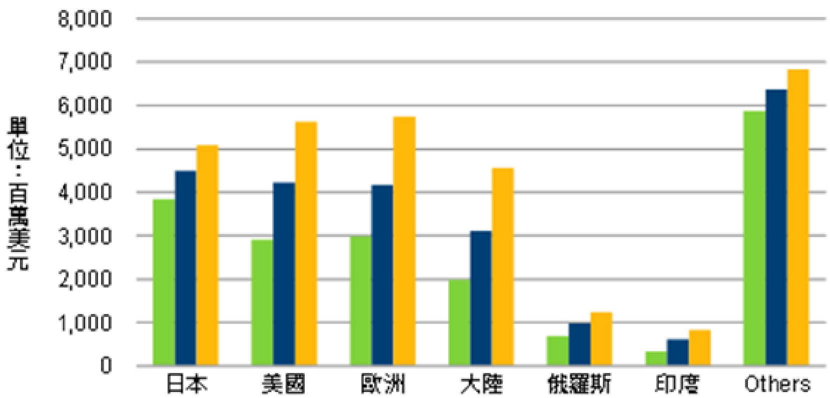
According to NPD DisplaySearch 's research shows , LED chip demand will rise from 17 billion in 2012 to grow to 61 billion in 2014 , growing between the two years up to a multiple of 3.6 times . In addition, according to the forecast from the LED chip demand for LCD panel backlight reach the high point in 2013, and LED lighting for LED chip demand began to increase from 2012, and is expected to continue to grow until 2017.

Even if LED lighting demand will support countries with national policies and continued to rise in the coming years, but the LCD TV panel and other display devices for personal computer demand for LED backlight chips, will begin to decline in 2014. It can be said that LED market long-awaited wave of market growth has finally arrived. Another point of view, both from a technical point of view the evolution, or is the application of the angle, decrease in demand for LED backlight module will be unavoidable, however, it is the convergence of the global lighting market this change, LED lighting manufacturers in recent years, LED factory was built under a massive cloth, LED chip prices have been depressed, which became the driving force of growth of new LED wafer.

From the observation of the world's major lighting market , developed countries due to the LED lighting development process earlier , in 2015 the market share of global scale will remain higher , DIGITIMES Research estimates the United States, Europe, Japan and the district are more than 5 billion US dollars , the total proportion will reach 55% , which , in Europe , the US share of 19.2 percent each , 18.8 percent , surpassing Japan 's 17% ; It is worth noting that Japan's 2015 annual growth rate of only 13.2% , lower than the United States and Europe 33.1% 38% , mainly due to its LED lighting penetration will reach 78.6% due.

In contrast, the population more into LED lighting also more active in emerging markets with growth potential , including the mainland because of the government 's industrial policy excitation LED , LED lighting market annual growth performance is superior to developed countries in 2015 will reach 46.5% , the market size will be $ 4.57 billion ; high global population of India in several cities facelift for the public lighting LED light source driven by the estimated market size of $ 820 million , accounting for 2.7 percent of global ; previously was also optimistic about the Russian market , because of the recent concerns about the overall economic prospects are more under the influence , in 2015 the proportion of total global LED lighting will be comparable to 2014 , was 4.1 %.

LED lighting product line with the development process point of view, whether developed or emerging market countries with high, outdoor lighting, commercial lighting penetration, followed for indoor home lighting, then Japan is more distinct home lighting that will lead the commercial lighting, outdoor lighting, etc. to achieve 100% penetration. LED lighting prices, per capita income is associated with the district, in which the emerging markets, for example, in addition to the market price of the preferred outside Russia, China, India appears LED lighting and energy-saving lamps priced at or below the case, it is to control costs and maintain a reasonable profit business has become the focus of the lighting industry.

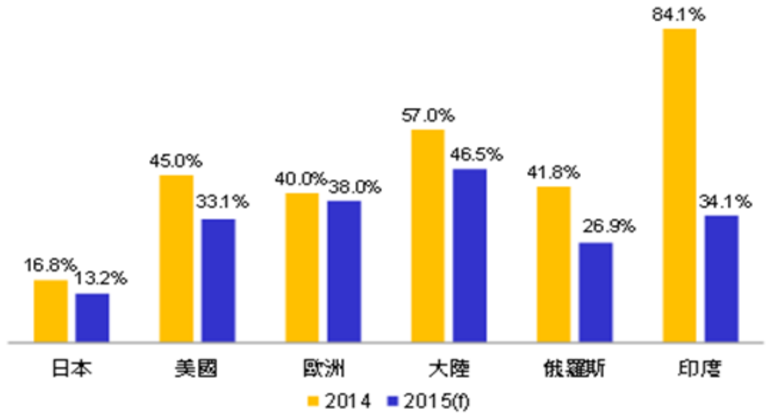


	日本	美國	歐洲	大陸	俄羅斯	印度	Others
2013	3,840	2,913	2,976	1,986	688	333	5,863
2014	4,486	4,224	4,167	3,119	975	613	6,373
2015(f)	5,078	5,624	5,750	4,568	1,237	822	6,829

source：DIGITIMES，2014/12

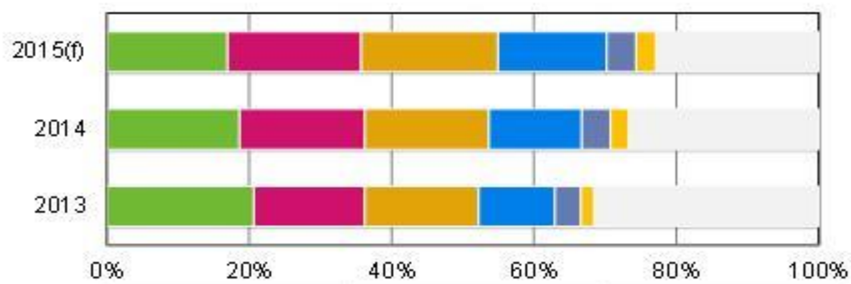
Figure 14 2013 to 2015 the main area of the LED lighting market changes cum forecast

Although the regional LED lighting market continues to grow, then the annual growth rate varied performance in 2015, with six regions in Japan the smallest increase , will be only 13.2% ; the other , Russia due to higher overall economic concerns, the 2015 increase is not If significant in 2014 , will be 26.9 percent ; North America , Europe , China, India due to penetration of less than 3 percent , and the continued expansion of LED lighting sales , projected 2015 annual growth rate of between 30 % and 50% .



source：DIGITIMES，2014/12

Figure 15 2014 ~ 2015 LED lighting market size of annual growth rate of major regional comparative cum forecast

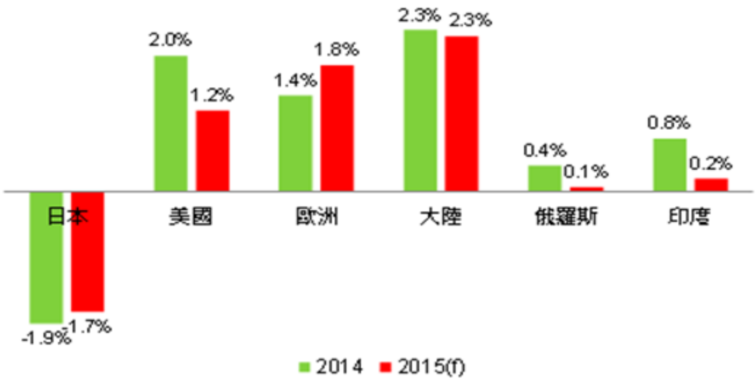


	2013	2014	2015(f)
日本	20.6%	18.7%	17.0%
美國	15.7%	17.6%	18.8%
歐洲	16.0%	17.4%	19.2%
大陸	10.7%	13.0%	15.3%
俄羅斯	3.7%	4.1%	4.1%
印度	1.8%	2.6%	2.7%
Others	31.5%	26.6%	22.8%

source：DIGITIMES，2014/12

Figure 16 2013 ~ 2015 LED lighting market share of major regional changes in the size distribution of cum forecast

From 2014 to 2015 among the main area of the LED lighting market share of global increase or decrease in terms of the changes, the largest increase in the amplitude of the mainland, the annual growth rate of 2.3 percent each in 2015, the second highest area increase the proportion of Europe, will be 1.8 percentage points; in contrast, the proportion was reduced global area of Japan, 2014 to 2015, respectively 1.9, 1.7 percentage points decrease.



source：DIGITIMES，2014/12

Figure 17 2014 to 2015 the main area of the LED lighting market share increase or decrease cum forecast

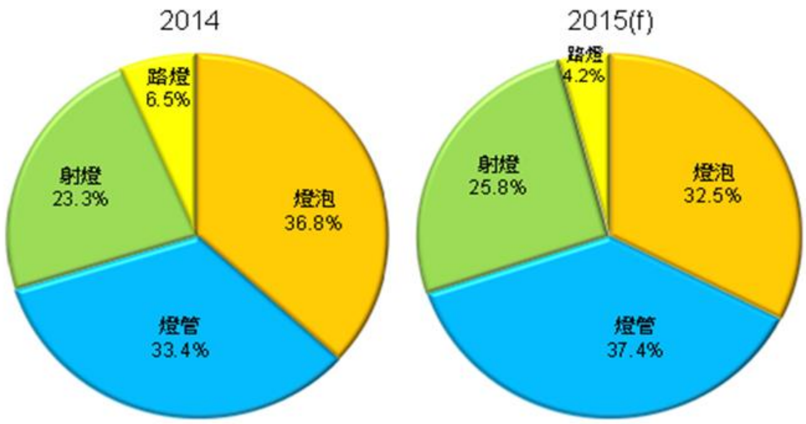
DIGITIMES Research based on 2015 statistics LED epitaxial plant expansion plans, in 2015 MOCVD machine LED with global shipments will reach 252 units, compared with 228 in 2014 will grow 10.5% in Taiwan, where the mainland industry demand is highest , the proportion will reach 73.8%, and higher than the proportion of 63% in 2014, mainly due to the mainland government will continue to provide grants in 2015, and more low-cost lighting products and supply chain procurement steering mainland LED elements. If you look in 2015 mainland China LED factory plans to purchase machines, three great cause demand for San'an optoelectronics, Change-Light to optical, Elec-Tech International, accounting for 79.5 percent of the annual demand continent, BDO Runda Added production number is relatively low; wherein three optical and HC SemiTek the mainland will also be the top two LED epitaxial plant, this continent towards centralization LED upstream industry development Yuqu obvious.

In machine ownership point of view, DIGITIMES Research estimates 2015 will total 2,937 units, of which the highest proportion of mainland China, will reach 34.7 percent, and compared with 2014 will increase by 3.7 percent, followed by 25.5% in Taiwan , however due to the smaller expansion of Taiwan, and in 2014 it will be reduced by 1.3 percentage points compared, if the sum of the proportion of cross-strait region, you will reach 60.2 percent, far higher than the 18.3 percent in Japan and 14.2% in South Korea. It is worth noting that the mainland does not have the machine because the proportion of the number of productivity in 2015 will still be up to 10%, so as to calculate the effective functioning of the machine number of Taiwan manufacturers ownership will considerably with the mainland industry.

source：DIGITIMES，2014/11

Figure 18 Percentage of MOCVD owning in different regions

In terms of LED application products do not use pieces of each calculation, in order to use up the amount of lighting applications in 2015 will reach 91.63 billion, compared with 2014, higher than the 36.28 billion, the application will continue to do business according to the market and public space Lord, terminal lighting units shipped count will be about 6 percent annual rate.



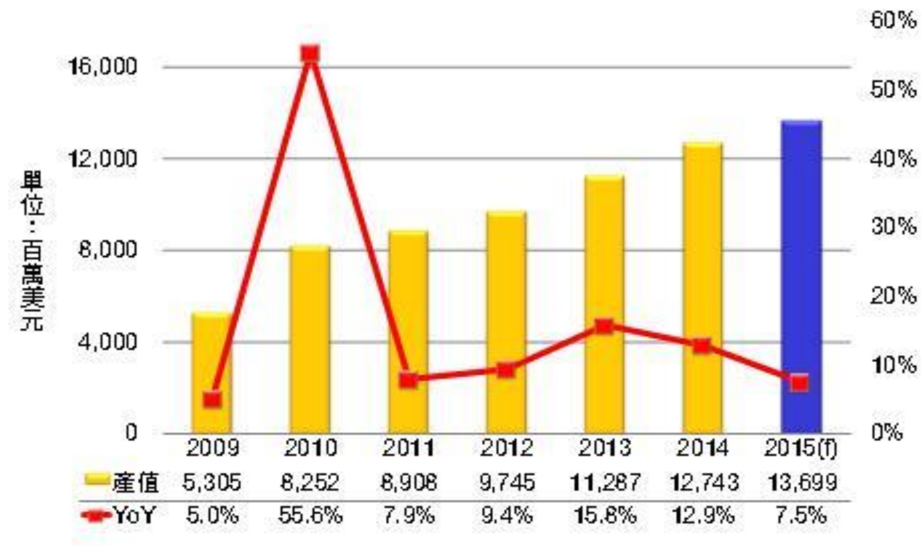
source：DIGITIMES，2015/01

Figure 19 2014 ~ 2015 LED lighting LED element of each application do not share in the distribution

According to DIGITIMES Research estimates that in 2015 the global high-brightness LED production value will be 7.5 percent annual growth rate, reaching $ 13.7 billion, the total number of stars use LED will reach 1,860 billion, an annual growth of 32.6%, which, using the amount of the annual increase the highest rate for the lighting, up to 65%.

In LED usage share distribution, lighting applications accounting for 2015 will reach 49.3%, up 9.9 percentage points compared with 2014, in which a higher proportion of public lighting market in light LED lamp used to reach 37.4% , secondly, LED bulbs will towards parity development, accounting for 32.5% of such sources. Do other applications, the 2015 LED light source unit shipments were thriving by the TV with LED backlight, its growth momentum from the edge-lit LED TV enhance the proportion of shipments to grow in multiples of 4K TV, high-end models and quantum dot surface TV Television rise like. And 2015 was continuations of the 2014 positive growth of shipments applications do not include smart phones towards the large screen and high-definition development, small spacing display and automotive LED, using the amount of annual growth of 13% to 24 Medium % m.

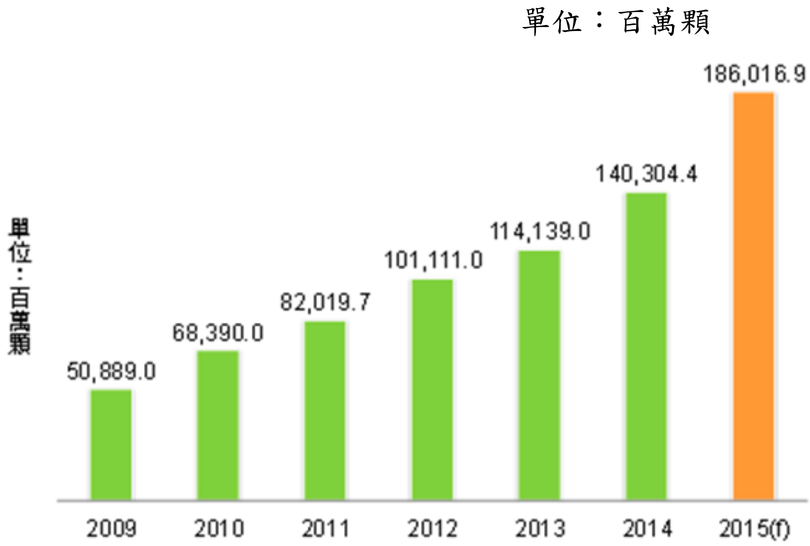
However, demand by end 2015 under the impact of recession, LED light source was a negative amount of growth categories include Tablet, NB, Monitor, which, Tablet influence by the big-screen mobile phones and consumer probably will be transferred to the budget of wisdom under tables and other product factors, 2015 LED usage rate of minus 9.8% forecast will be LED-backlit display, the sharpest decline application categories.



source：DIGITIMES，2015/01

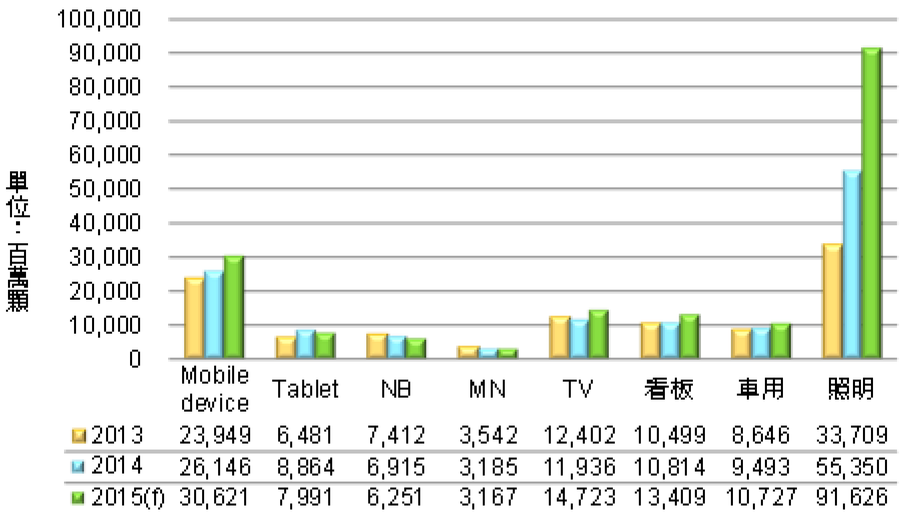
Figure 20 2009 ~ 2015 global high- brightness LED market size and forecast changes

In terms of total use LED number of pieces of view , DIGITIMES Research estimated in 2015 will reach 18.6 billion, will increase by 32.6% compared with 2014 's 1,403 billion, however if relatively ASP decline in 2015 to 18.9 per cent decline compared with 2014 .



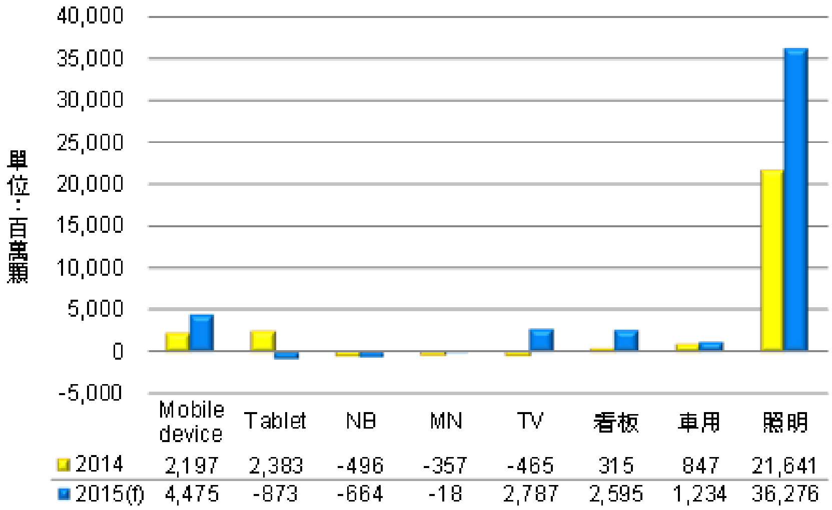
source：DIGITIMES，2015/01

Figure 21 2009 ~ 2015 global high- brightness LED total shipments and prediction



source：DIGITIMES，2015/01

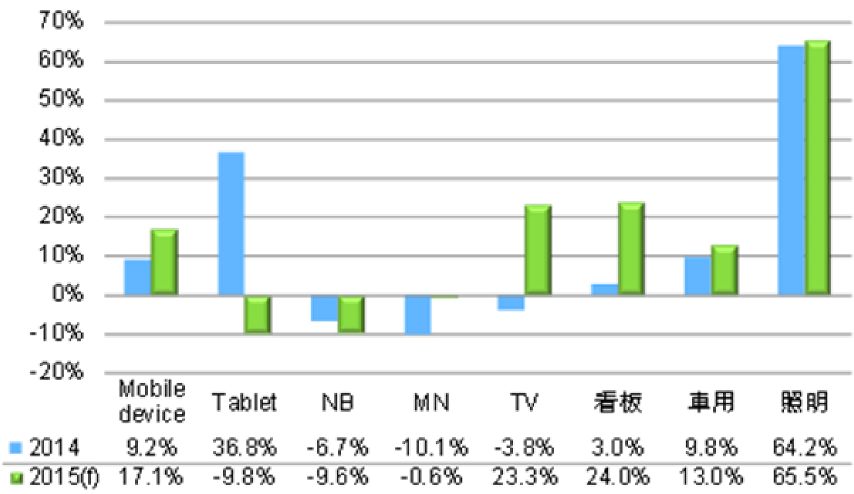
Figure 22 2013 to 2015 high-brightness LED applications Shipments change cum forecast



source：DIGITIMES，2015/01

Figure 23 2014 to 2015 high-brightness LED applications do not increase or decrease in shipments predicted cum

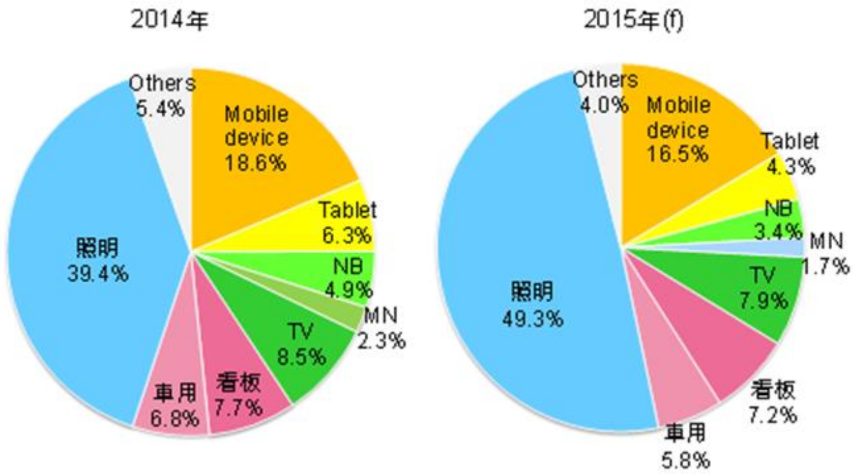
Observed in 2014 , 2015 and the year before each application do not use a few pieces LED annual growth rate of change , those who maintain positive growth were lighting , Mobile device, automotive applications, and billboards ; In contrast, the use of satellites has increased rather than decreased the number of LED TV backlight applications , which led to increasing demand for LED element has a thin edge-lit models , 4K2K TV, curved TV and in the early stages of development of quantum dot television ; the other , the original 2014 annual growth rate of usage is a positive number of Tablet (the year due to increased size and number of species by Retina machine) , then the decay of 9.8% in 2015 .



source：DIGITIMES，2015/01

Figure 24 2014 to 2015 high-brightness LED applications Shipments Increase or decrease the rate of change cum forecast

If you compare 2014 and 2015 for each application do not use a few pieces LED gravity changes, showing an enlarged trend by lighting category two years the proportion was 39.4%, 49.3%; if further comparison in 2014, 2015 and the previous year LED use the proportion of increase or decrease the number of stars, lighting category increased by nearly 10 percentage points, other applications are between 0.5 to 2.4 percentage point reduction.



source：DIGITIMES，2015/01

Figure 25 2014 to 2015 high-brightness LED applications do not change the proportion of shipments cum forecast

According to TransForce's Green Energy Dept. LEDinside report showed industrial lighting in the lighting industry in important, especially because of the intense replacement lighting products (general store LED bulbs and lamp, etc.) price competition, so there are more and more LED manufacturers hope into industrial lighting to enhance profitability. LEDinside estimates 2015 global LED industrial lighting market will reach $ 2.366 billion in 2018 to $ 3.935 billion is.

With the LED lighting industry in Europe, America, Japan and other regions of mature, competition in the Chinese mainland market is also heating up, enter fight scale, to fight price era. The establishment of the ASEAN Community, leaving the LED manufacturers in emerging countries in Southeast Asia market attention increased year by year. LEDinside pointed out that according to the latest report, the six major countries in Southeast Asia (Thailand, Singapore, Malaysia, Vietnam, Indonesia, and the Philippines) estimate, in 2014 the overall lighting market in Southeast Asia will reach about 4.5 billion dollars, of which LED lighting market size of about 11 billion dollars. The Southeast Asian countries the demand for infrastructure is increasing, is also expected to bring huge demand for LED lighting.

LEDinside said that LED lighting market in Southeast Asia, the fastest-growing in 2013, annual growth rate of 63%; to 2014 to 2015, although a slight slowdown, the growth rate remained above 30%. In addition, LED lighting market penetration in Southeast Asia increased year by year, and increase speed gradually accelerated, expected 2012 to 2015, LED lighting penetration rate in Southeast Asia will grow by 12% to 32%.

source：LEDinside，2015/03

Figure 26 2012 ~ 2015 LED lighting market in Southeast Asia

In major countries, Singapore highly saturated lighting market demand and shrinking of the traditional lighting market, resulting in recent years, the overall lighting market in decline and is expected to fall further in 2015, but the LED lighting market is still growing. In addition to Singapore, the Southeast Asian countries in recent years, the size of the overall lighting are showing a rising trend, in which the traditional lighting widespread recession, the growth momentum was mainly attributable to LED lighting. Indonesia's overall scale and LED lighting in Southeast Asian countries topped the scale; expected market size in 2014 will reach 320 million US dollars.

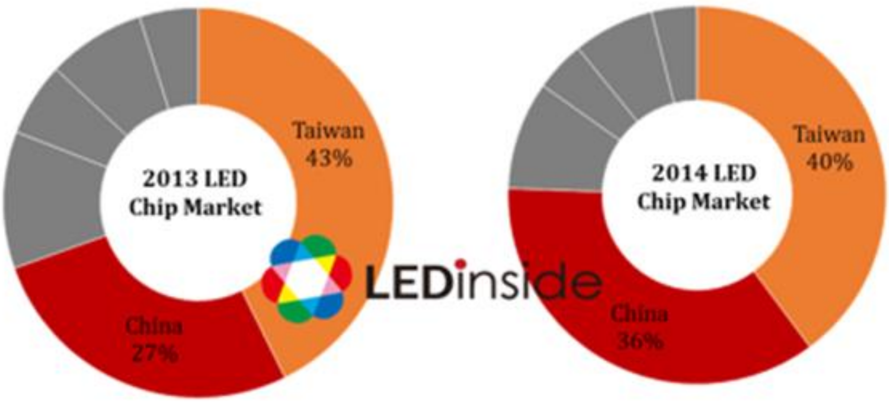
LED lighting market in Southeast Asia, strong growth in recent years, to replace the traditional lighting intensity is gradually increased. For mainly imported , local productivity weaker Southeast Asian countries, to enhance the LED lighting demand has brought substantial growth in import demand , coupled with product price , manufacturing strength and geographic advantages in China , so the size of imports from China upgrade several times. LEDinside expected the next few years, growth through policy incentives and replacement demand, LED lighting penetration and Southeast Asia’s imports will continue rapidly. Southeast Asia is becoming a major destination for Chinese manufacturers to export LED lighting products, and open up a favorable direction of the market.

2014 for LED manufacturers is a challenging year, and down the performance of different feeling, like washing the Field sauna. Trend Force’s Green Energy Dept. LEDinside research shows that in the first half from the lighting market demand stronger than expected, was caused by LED shortage phenomenon, but into the second half was due to customer repeat orders and high end lighting channel inventory effects gradually emerge, LED market demand for frozen plus pressure of price competition, the second half performance generally not ideal. Especially the rise of Chinese power LED manufacturers , so the price continues to decline LED , so LED manufacturers target in 2015 will strive pulled technological barriers, as well as investment in new special applications to get rid of price competition in the Red Sea .

LEDinside proposed five trends for the development of LED industry in 2015:

◆ The big gets bigger, Chinese LED manufacturers continue to increase market share

In 2014 the number of newly installed capacity worldwide will reach 239 MOCVD units, while in 2015 due to China some local governments continued subsidized measures came out , more than 170 remains of installed capacity . LED manufacturers' expansion plans depend on local government grants, so the future of LED chip manufacturers will be showing the bigger phenomenon. With China's LED chip plant upgrade their technology and production release, China's share of global LED wafer output is expected from the 2013 ratio of 27 %, an increase from 2014 of 36%. As for the past, China's LED backlighting and lighting applications depend on the status of Taiwan-funded or foreign-funded enterprises ceased to see. Due to the use of domestic chip packaging manufacturers in China the proportion rising in price is also very competitive, Chinese manufacturers gradually increase market share in the global LED industry.



source：LEDinside，2014/12

Figure 27 2013 to 2014 market size of LED component

◆ LED lighting customers continue to look for more cost-effective solution

End lighting product prices fall, stimulating a large demand for LED lighting market. 2015 Growth Driving Forces LED lighting products, mainly still comes from LED bulb , LED lamp, and other alternative light source products, so LED price and cost considerations become customers' requirements . The price of a good power LED lighting products just to meet these requirements for continued price cuts , such as has become the mainstream of 3030 and 2835 LED. Future LED manufacturers will still continue to look for better heat dissipation material, through high-current LED driver to reduce the use of several pieces, even COB LED lighting has gradually been customers of all ages. In addition to the LED price cuts, manufacturers have begun to focus on other components driving power in the hope that through the whole system designed to achieve more cost-effective solutions.

◆ Looking for a special application of new Blue Ocean to improve profitability

LED due to intense price competition, so that manufacturers can improve profit actively looking for a new application-specific; for example growing interest of non-visible LED, including UV or IR LED applications. Although the limited size of the market is not visible LED 's , cannot be compared with other LED lighting or backlighting applications , but technically difficult , customer-specific requirements , and the need to cooperate closely with the system works , so that barriers to entry are high , obviously superior product gross margin in white LED. Currently the supply chain UV LED and IR LED field dominated by Japan, Europe and the US manufacturers, Taiwanese LED manufacturers place , expected future there will be more non-visible LED manufacturers began to enter the field .

◆ Car with LED output growth year after year, of which the growth rate of the largest exterior lighting

Car LED market with stable growth , among daytime running lights (DRL) and headlamps (H / L beam) and other exterior LED lighting growth best . The main reason is the decline in LED technology to enhance and price, making car use LED lighting gradually transferred from the high-end cars to vehicles in order to drive the next few years, demand for automotive lighting. In addition, the car is still Automotive LED applications LED backlight panel for the bulk, with the penetration of multimedia and sensing images increases, the traditional dashboard has been replaced by LCD panel backlight demand driven car.

◆ Backlit LED specification to light and high color saturation direction of evolution

Due to intense price competition LED backlight, LED manufacturers to start thinking about how to improve LED specifications opened the gap with competitors. In handheld devices, for example, with high-end phones gradually to light, high-resolution panel development. For LED manufacturers how to do more LED light, brightness higher, the challenge for the 2015 target. 0.4t LED mainstream backlight brightness stage specifications using high-end smart phones fell from about 2,500 ~ 2,700mcd, packaging technology threshold is relatively high. IPhone6 phone with 4.7-inch, for example, about the use of the backlight module 10-12 0.4t LED as a backlight. Currently the main LED suppliers Japanese or Korean-based LED manufacturers such as Nichia and other companies expected future LED specifications thinner 0.3t LED will go forward. As for the TV LED backlight specification, in addition to improving

4K2K panel LED brightness to meet demand, introducing special red fluorescent powder, to achieve high color saturation NTSC 100 LED is LED manufacturer’s development focus. Therefore, how to think about the future direction of the LED manufacturers raised the technical threshold, to get rid of price competition in the Red Sea.

② Taiwan, mainland China LED industry's current status and development

The photoelectric WCC (PIDA) statistics, the output value of Taiwan's LED element holding the first, in 2014 Taiwan LED chips Lei, grain duo - Elista and Formosa large whole and ground-breaking, billion light of expansion plans and to attract international companies, and other important events Lunda Cree shares, making Taiwan a considerable degree of improvement in visibility internationally have. Estimated 2014, 2015 Taiwan LED components industry could reach 10%, 14% growth rate.

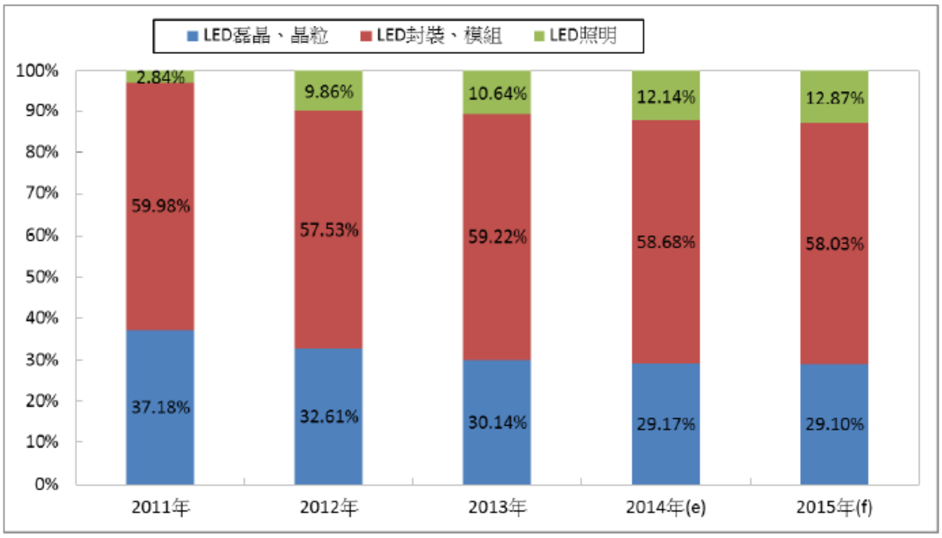
Chinese mainland is the world's most dazzling LED components industry areas; the lighting of the recent rapid development of power LED, LED elements to grasp the independent supply chain greatly improved, thus three safety optoelectronics, Lines, Gouging, others have Judea frequently 40% leap in growth. 2014 China LED components industry forecast to grow 43% in 2015 will continue to grow by 25%.

As for Japan and South Korea, due to the sharp depreciation of the exchange rate even two years in Japan, the yen-denominated price competitiveness should be relatively increased. But in 2014 Nichia, Toyoda Goosey revenues were mixed, showing a long a consumer, making Japan LED components industry estimates 2014, 2015, there were only a small margin of 1% and 5% growth rate. Korean LED industry for displays, mobile phones and other LED application industry with a high degree of connectivity, so in these industries continued to subside the situation, but also the impact of revenue performance LED manufacturers, forecast 2014, 2015 Korea LED components industry output will appear 3% decline, and the slight growth of 2%.

PIDA concluded that Taiwan's 2014 output remained LED element first , and the whole incident and manufacturers , as well as strategic partnership shares and other international companies , however, Taiwan's overall global lighting market influence is still high ; States lighting market still international, or dominated by the regional lighting manufacturers . Taiwan LED components industry over the phone with the LCD backlighting market difficult to uncontested, now in the aftermath of lighting applications market is different and no small challenge.

Another PIDA analysis of LED products according to the process of market segmentation changes in recent years, Taiwan's LED industry are LED packaging , module -based, over half over the last five annual 2014 , the domestic industry, the economy improved markedly, mainly due to system is driven by the rapid growth of the lighting market , so although the upper reaches of the LED epitaxy and grain , or the downstream packaging and modules and other products output value into growth performance , but the growing strength significantly better LED lighting , it is estimated that two the proportion of the output value will be reduced to 58.68% and 29.17% respectively , while the yield and quality LED lighting market share rose significantly to 12.14% .

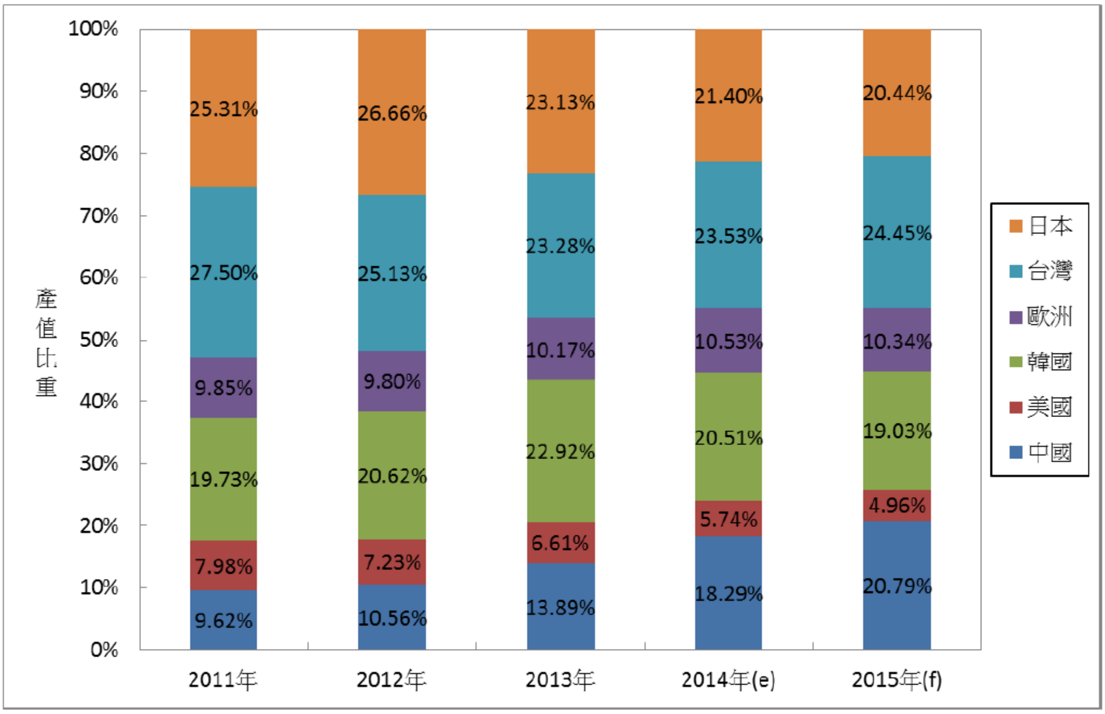
2015 , as Taiwanese LED manufacturers continue to expand further Board LED lighting market , and actively explore overseas markets or take forward cooperation with international companies , it is estimated that in 2015 Taiwan's LED industry will continue to grow based on lighting market as the main power source, and further promote the continue to enhance its share value to 12.87% , while the LED epitaxy / die and packaging / module output growth will continue to show the strength of stable growth trend , but due to lower growth in strength is better lighting needs , estimated that in 2015 both the proportion of output value , respectively fell to 29.10% and 58.06% . (See Figure 28)



source：PIDA，Taiwan Institute of Economic Research，2015/04

Figure 28 Taiwan LED production value share trends

PIDA more in depth analysis LED’s manufacture are and market’s relationship, Global LED manufacture are mostly based in Asia countries such as Japan, Korea, Taiwan, China. Although starting from 2013, LED lighting market has becoming the major driving force for industry growth, however, FPD display backlight still holds its significant position, and due to Taiwan, Korea, and China manufactures are the major provider of FPD, moreover, large size FPD backlighting market sustain great portion of LED lighting usage, therefore, based on the growth in both lighting & backlight market, has made Korea, Taiwan and China’s LED manufactures be more aggressive in expanding their throughput. Especially for China manufactures, which has propelled China LED market value grow rapidly. For caste shows in 2015 will reach 20.79% to second largest single country globally. (See Figure 29)



source：PIDA，Taiwan Institute of Economic Research，2015/04

Figure 29 Output value of the global trend of LED production country

(4) PV Industry

① Global PV Industry status and future

Global investment in renewable power and fuels (excluding large hydro-electric projects) was $270.2 billion in 2014, nearly 17% higher than the previous year. This was the first increase for three years, and reflected several influences, including a boom in solar installations in China and Japan, totaling $74.9 billion between those two countries, and a record $18.6 billion of final investment decisions on offshore wind projects in Europe.

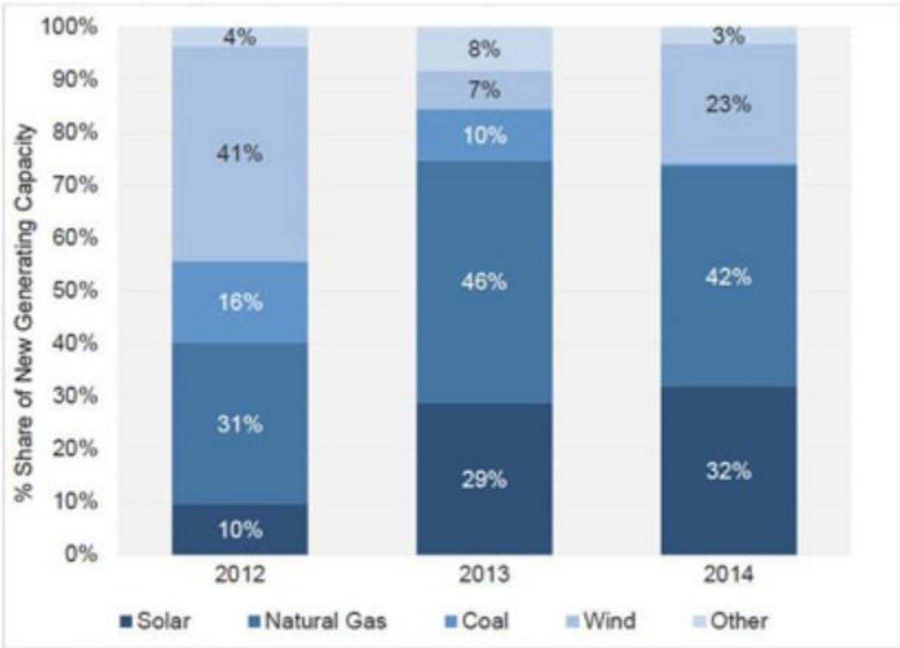
GTM Research and the Solar Energy Industries Association have released their *US Solar Market Insight, 2014 Year-in-Review* report, and it was "another banner year" for the US solar PV industry, installing 6,021 MW of new capacity in 2014.

In 2014, solar accounted for 32% of all new electricity generation capacity in the US, second only to natural gas. It was also #2 in 2013, when it provided 29% of all new electricity generation capacity.

The authors of the report predict that PV installations will reach 8.1 GW in 2015, up 59% over 2014, with growth in all segments, but most prominently in the residential solar PV market.

The authors of the report highlight three "fundamental drivers" that they believe are responsible for "solar's continued growth in the US." Those are: Falling costs; downstream innovation and expansion; and stable policy and regulation.

Subsequently, the authors of the report see several key themes to watch in 2015 if the US solar PV industry is to have another “banner year.” These include potential residential rate structure revisions; whether or not commercial solar will make a comeback, in the face of residential solar’s immense success; and whether or not the “enormous utility-scale solar pipeline comes to fruition,” with more than 14 GW of utility-scale solar projects in the US expected to be completed in 2015–2016.



Source: GTM Research, SEIA, 2015/03

Figure 30: New US Electric Generating Capacity Additions, 2012-2014

According to a new report from IHS Inc with shipments of 23.7 gigawatts (GWs) the top 10 solar PV module suppliers grew their combined market share slightly last year, from 48 percent in 2013 to 49 percent in 2014. Boasting the largest domestic market for PV modules, Chinese suppliers continued to dominate the market last year.

“Chinese module makers continue to lead IHS rankings, because China is the largest global market, and it is closed to foreign suppliers,” said Jessica Jin, solar supply-chain analyst for IHS. “Chinese suppliers also performed well in Japan, the United States and other markets worldwide.”

The 2014 top-10 list of companies are the same as the previous year, but the order has changed. For example, Trina Solar became the top supplier in 2014. JA Solar has announced a 20 percent increase in module capacity in China this year, while Trina Solar will add 1 GW of module capacity.” Due to Hanwha SolarOne’s merger with Q Cells, the company rose strongly in the rankings, from tenth place to fourth place.

Based on reputation and identity in China market, Sharp Solar of Japan supplier and Kyocera keep top 10.

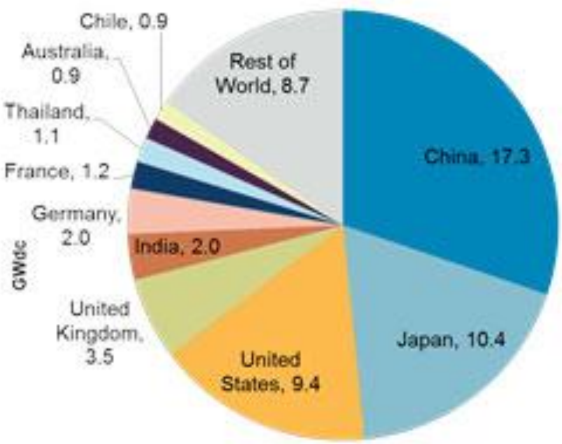
Chart 21: 2014 Ranking of Global PV Module Supplier

2014 Ranking	Supplier	Y/Y 2014
1	Trina Solar	+1
2	Yingli Green Energy	-1
3	Canadian Solar	+0
4	Hanwha SolarOne	+6
5	Jinko Solar	+0
6	JA Solar	+3
7	Sharp Solar	-1
8	Renesola	-1
9	First Solar	-2
10	Kyocera	-2

Source：IHS, 2015/04

IHS forecasts that the global PV market will increase 30 percent, reaching 57 GW this year. Global utilization is also forecast to increase rise from 61 percent in 2014 to 69 percent in 2015, with tier-one manufacturers running at the 90 percent level or higher.

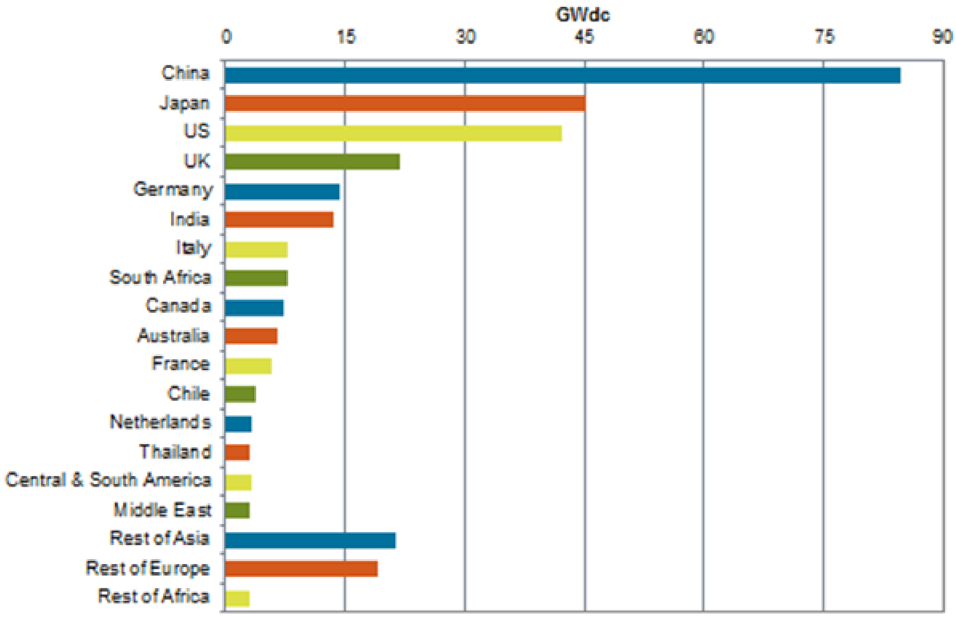
Top solar PV markets in 2015



Source：IHS, 2015/04

Figure 31: Top Solar PV Markets in 2015

Total global solar photovoltaic (PV) capacity is forecast to reach 498 GW in 2019, which is 177 percent higher than 2014, according to IHS, Based on findings of the latest IHS *Marketbuzz* report, global solar demand is expected to reach 75 GW in 2019, which is 66 percent higher than in 2014. Last year, the largest global markets were China and Japan, which together accounted for half of total demand. The United States, U.K. and Germany together accounted for another quarter of total demand. "In the five years between 2015 and 2019, IHS expects that 11 global markets will exceed the average annual demand level of 1 gigawatt," von Aichberger said.



Source: IHS, 2015/03

Figure 32: Cumulative Demand by Geography for 2015-2019

②Taiwan and China PV Industry status and future

EnergyTrend's analyst Angus Kao pointed out two significant challenges facing Taiwanese solar firms in 2015. The first challenge is the anti-dumping and countervailing duties against Chinese imports and the anti-dumping duties against Taiwanese imports following the USITC's vote on Jan. 21st. Major Chinese PV module manufacturers will be compelled to choose Chinese cells instead of the Taiwanese since the tariff rates set against the former are lower. As a result, orders from China will therefore fall drastically. The second challenge is demands from European and Japanese clients to have prices lowered in response to the steep depreciation of the euro and yen. Taiwanese PV cells going to those markets will face considerable price pressure in the future.

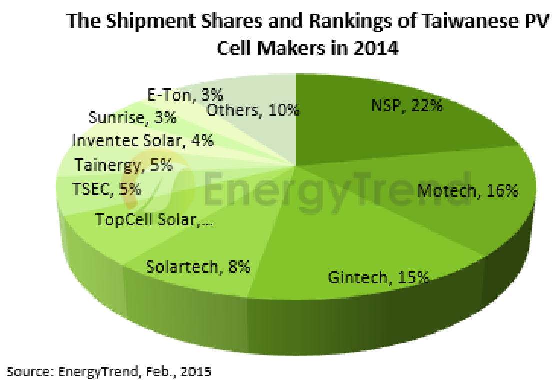
A survey of orders received from January to February indicates that Taiwanese firms experienced only a slight decrease in exports because of demands from Japan and the need to stock up before the Chinese New Year holidays. After March, however, the Taiwanese PV cell makers will feel the effects of reduced exports to US. Also, they will be moving their production lines overseas.

Therefore, shipments will be negatively and significantly impacted. Following the third quarter, it is likely that Taiwanese firms will be able to reestablish connection with the United States when they have finished with their relocation. By then, the established peak season will also return along with rising demands from Europe, America, Japan and China. PV cell shipments from Taiwan will likely to enjoy a resurgence during that period.

“Global solar installations are gradually moving away from the large, ground-mounted PV systems for power plants to commercial applications and solar roof panels for homes,” Kao further noted, “and for that reason Taiwanese PV companies need to improve PV cells’ conversion efficiency.” At the same time, Taiwanese cell makers should bolster their mono-Si cell production capacities in order to match the production of modules with higher wattages and the shift towards niche end markets. Taiwanese firms also have other urgent matters to address in addition to increasing battery efficiency. These include creating a business model beyond just making and selling PV cells as well as developing new sales channels and markets.

Due to increases in both shipments and conversion efficiency, Taiwanese PV cell makers experienced a record shipment growth in 2014, according to the latest report by EnergyTrend, a division of TrendForce. The shipments of Taiwanese PV cell makers in 2014 had an increase of 20% compared with the previous year, officially breaking the 10GW ceiling and setting a new all-time high.

NSP’s shipments soared ahead of Motech in 2014, thus clearly demonstrating its expanded production capacity after its merger. NSP became the leader among Taiwanese PV cell manufacturers in 2014, accounting for 22% of the total annual shipments. Motech and Gintech follow closely with 16% and 15% shipment shares respectively. Overall, the three leading Taiwanese firms made up 53% of the total shipments. However, anticipate changes in 2015 when Motech’s merger of Topcell will be finalized by the end of June. Motech’s post-merger production capacity is estimated to reach 3GW, giving it the opportunity to retake the number one position.



Source：EnergyTrend，2015/02

Figure 33: The Shipment Share and Ranking of Taiwan PV Cell Makers in 2014

The Department of Commerce's preliminary review of Chinese solar cell imports for the year 2012/2013 led to big changes in antidumping and countervailing duty. This new result came in less than a month since the US International Trade Commission's ruling on the antidumping and countervailing measures against Chinese and Taiwanese solar products. The revised rate for 2012 is now 17.5%, which is a significant reduction from the initial set rate of 30%. Most Chinese manufacturers would opt to use their own cells in response to the change, according to Jason Huang, Research Manager at EnergyTrend, a research division of Trend Force. Taiwanese solar manufacturers in turn would be negatively impacted as a result.

"If the imposed duties rate for Chinese import had remained at 30%," said Huang, "Taiwanese solar cell manufacturer Motech would continue to have a cost advantage over its Chinese rivals, and this was the reason behind its year-end announcement to merge with Topcell Solar International Co. (TSI). The merger would expand the production capacity of the Taiwanese firm.

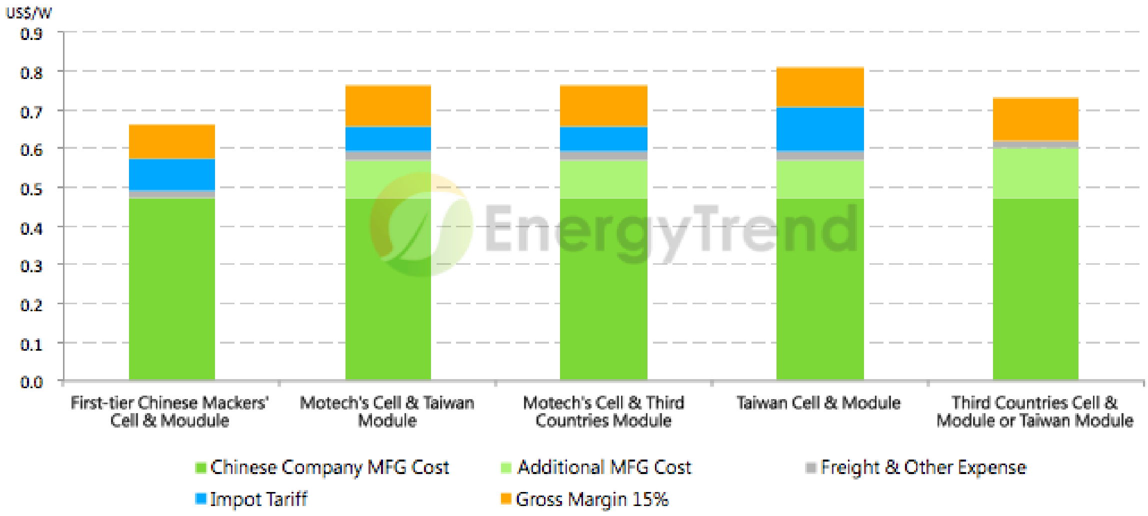
"However, with the drop in the tariff rate," Huang noted, "the vertically integrated Chinese manufacturers will become more competitive in the US market than before due to their scale."

With the rate rollback, it is estimated that the cost for Chinese solar modules is at US$ 0.5/W. In order for Non-Chinese solar manufacturers to stay competitive, their module cost must therefore be kept under the difference of US$ 0.03/W or lower. Taiwan local module manufacturers are unable to do so under their tariff rate for 2014. Even if they decided to outsource their production to achieve a slight cost advantage, practical market considerations and weak downstream sale channels would make such strategy unfeasible.

From her survey of Chinese manufacturers, EnergyTrend Analyst Corrine Lin noted that most first-tier firms will be able to earn over 15% gross profit with the revised rate of 17.5%, making their US market ever more profitable. Manufacturers such as Trina and CSI will be able to increase their earnings with their existing large market share. However, those Chinese manufacturers that are excluded from the lower tariff rate will be facing a compound rate of 200% and likely be forced to shift production to a third country or withdraw from the US market completely.

Taiwanese firms, in contrast, are heavily affected by the tariff rate change as Chinese companies no longer depend on their partnership for circumventing trade duties. Not only prices will continue to suffer, but also the expected windfall in orders may not materialize. Only those firms that have taken the early steps to move their production capabilities to third countries, such as Tainergy and Solartech, may be able to bounce back from the ruinous situation presently confronting Taiwan-based solar manufacturers. The optimism surrounding the Motech-TSI merger dissipates as their combined production capacity now becomes a burden rather than a sound strategy. Likewise, those manufacturers intending to set up facilities in third countries will be expected to speed up and scale up their plans.

The reduction of tariff rate for Chinese solar manufacturers seems to signal a temporary cessation US-China trade war that is in fact a political contest between the two global powers. With the approaching changes to the US energy policies in 2017, EnergyTrend expects a higher demand in the US market for the cycle of 2015-2016. On another note, the USITC hearing on Chinese and Taiwanese solar products import for 2014 will conclude at the end of January. It is unlikely that the ruling will change.



Source：EnergyTrend，2015/01

Figure 34: Comparison of Solar Module Costs for Chinese and Taiwanese Manufacturers under the Revised Tariff Rate for 2012

The global demand is expected to reach 51.4GW in 2015, with an annual demand growth rate of 16.5% and an increased installation of 7GW compared to 2014, according to EnergyTrend, a research division of TrendForce. In terms of the supply end, the Chinese makers has announced to expand production capacity in 2015, with an increase of 4.2GW in module production capacity, taking up 8.2% of the worldwide demand; non-Chinese module makers will increase production capacity by 1.1GW, which is approximately 2% of the worldwide demand.

Angus Kao, analyst at EnergyTrend, indicates that in 2015, the majority of the solar makers will be expanding production capacity in a more rational manner; the increased production capacity will mainly be on par with the increased demands. However, the trend that the bigger players will remain strong has already emerged. In addition to the existing production advantage, the bigger makers also have international level of brand management, with higher brand recognition. Therefore, the future key to winning the market will depend on who can first complete the global strategic planning, diversifying to minimize the risk, and strengthen the technology and quality, enter the PV system business, and make use of the sales channel advantages.

Angus Kao further indicates that, due to the new U.S. anti-dumping and countervailing duties final ruling, it is expected to accelerate the new module plant establishment in various countries in Southeast Asia. A projected new production capacity of 1GW or more in this area is also expected, and this is another focal point to look out for in the future.

Chart 22:

Chinese Module Capacity Expansion Plan

	New module capacity in 2015	Total capacity in 2015
Trina	1100MW	5GW
Jinko	640-800MW	4GW
JA Sloar	600MW	3.6GW
Canadian Solar	500MW	3.5GW
Hanwha SolarOne	230MW	2.5GW
GCL	1000MW	2.5GW
Total	4.2GW	21.1GW

*including the capacity of OEM

Source: Collected by EnergyTernd

Chart 23:

Overseas Module Capacity Expansion Plan

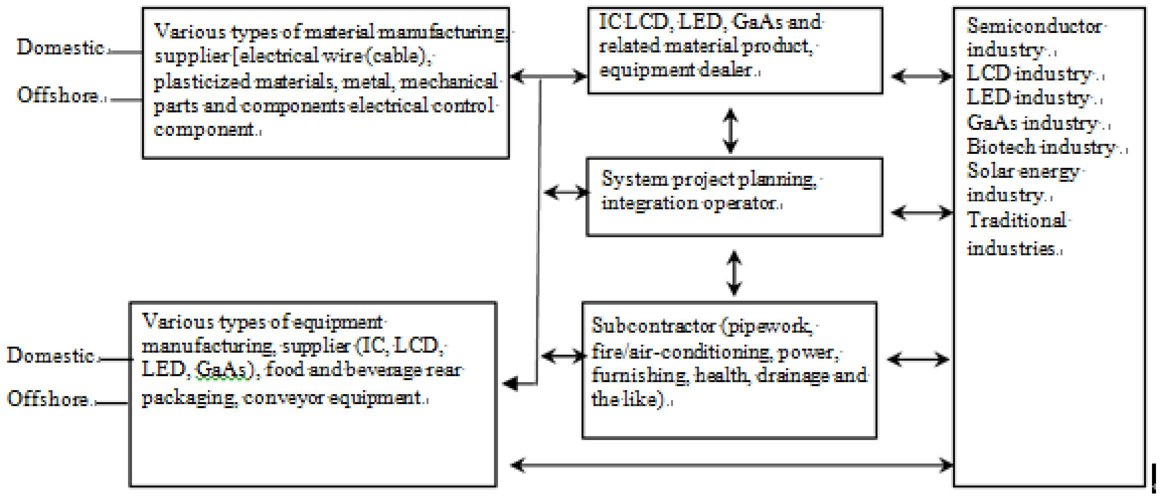
	New module capacity in 2015	Total capacity
REC Solar	300MW	1.3GW
SunPower	350MW	1.5GW
SolarWorld	250MW	1.48GW
Kyocera	200MW	1.4GW
Total	1.1GW	5.68GW

Source: Collected by EnergyTernd

2 The correlations of the industry's upstream, midstream and downstream

The group is of an all-encompassing supplier to the semiconductor, optoelectronics and related high-tech industries, with the correlations of the industry's upstream, midstream and downstream it belongs to as depicted in the below diagram:

<u>The upstream, midstream and downstream</u>



1. The products' various development trends

   (1) Sales and service of high-tech equipment and materials

   Below describes separately on optimal mask fabrication, LCD, color filter processing, IC processing, IC packaging process, LED process and others

   1) Optical mask processing

   Optical processing holds the critical key in bracing for smaller diameter, such as nanometer grade in IC processing. With optical mask being infinitely important in IC processing, major IC foundries and optical mask producers are sparing no efforts in optical mask equipment/material investment. In care of the foresaid trend, the group vies to brace for the development focus of higher quality on the products it sells.

   A. Firmware equipment: MTC company's high-end and low-end optical mask's light blocking coating and rinsing equipment have been adopted by critical customers.

   B. The material aspect: KMG company's pertinent processing chemical solution has been applied in matured optical mask product processing, and its high-end products can also respond to the future's even smaller wire diameter and higher quality demands.

   2) TFT-LCD and color filter processing

   With Chinese, Japanese and South Korean producers turning to expanding the medium and small size productivity in the most recent two years, causing the medium and small panel market in a supply over the demand scenario by Q1 2015, and as the price competition becoming ever fiercely in a bid to digest the productivity and grasp the Mainland China's smart handset producers' orders offering a good margin, i.e. JDI has compressed the pricing of the 5 inch HD grade resolution, low temperature prism silica (LTPS) intelligent handset panels to under US$20, the price of Samsung's HD grade AMOLED smart handset panel has been compressed to around US$20, thus before any improvement is seen on such competitive scenario, Digitimes Research forecasts that the profitability of a majority of medium and small panel producers will see a significant slide in Q1 2015.

WitsView indicates that as Chinese-led producers are intending to prop up the production scale of the 32" panels this year, which has although mitigated the concerns of a strong demand, but inadvertently leaves more room for pricing negotiation. More so, the 55" is another size that warrants concerns, and with three brand-new 8.5-generation production lines soon joining in production in Q2, the anticipated market supply volume is expected to climb.

3) Integrated circuitry component processing

On semiconductor wafer defect sorting equipment market, with major semiconductor producers such as TSMC, Intel, Samsung plants and so forth entering into the under 20nm generation, local equipment producer Han Microtech and major foreign producers KLA Tencor, Applied Materials have successively launched semiconductor wafer sorting equipment focusing on measuring visual wafer defect, and the group's proprietary represented QCEPT Technologies model ChemetriQ5000 boasts as the only non-optical visual wafer defect sorting machine in the semiconductor sector worldwide, and also with global 12" wafer output continuing to rise, and with cooper processing and low-k material application continuing to rise, meanwhile the introduction of silicon-on-insulator (SIO) wafers, strained silicon wafers, high-k materials have all become the critical development trend.

A majority of the products the group sells are able to address the foresaid advanced processing needs: Hitachi Kokusai's 12" vertical diffuser burner encompassing BCD processing equipment that can be used in oxidant condensation, nitrification, high-k thin membrane to offer a high coverage ratio and even membrane coating and so forth, offering semiconductor or optical plants with special gas, as well as Jordan Valley's rotating and refractive X-ray thin membrane measurement solution proposal, which can all address the clients' needs by timly providing the optical services.

4) IC packaging processing

In response to the electronic products' lightweight, thin, short and compact trends, the domain of IC product dimensions is also sought by all producers, and to service IC rear processing packaging clients, the group has intercepted with advanced wafer and coating packaging technology by introducing wafer grade ball mounter by Athlete FA Corp of a wafer level CSP ball mounter and Japanese Tazmo Corp.'s PR coater and developer. Moreover, it is able to provide comprehensive testing services on the domains of BGA, flip-chips and wafer bumping.

5) LED processing

Since the development of the LED industry purchasing EPI-wafers from Japan for rear processing and packaging, currently a number of local producers are capable of mass producing EPI-wafers. Also on product aspect, local producers also command the production technology on HEMT, laser diodes, bluelight LEDs and so forth.

The product the group sells encompass not only gallium provided by 5N Plus Corp, and it also offers CCT Corp's GaAs, InP and related 3-5 groups, Cemet ZnO Substrate 2-6 groups substrates, as well as EMF Corp's MOCVD processing oriented various organic metal raw materials. In the meantime, it also caters to LED upstream sapphire crystal plants and chipset plants or midstream silica plants by offering the clients with pertinent processing production key raw materials and servers, i.e. sapphire long crystal burner raw material Al203, X-ray orientation instrument (HRXRD), buffing pads, buffing slurries, green carbonate silicate ground powder (GC) and carbonate borosilicate buffing powder (B4C0 and the like.

6) Solar energy industry

On solar energy single multi-crystal production chipsets, with the cost dropping to a certain level at present, with little room for price reduction, other wearable material costs continue to follow high efficiency and a reduction on production cost; what can be done in the future is on server purchasing and cost amortization, which will ultimately affect the producers' end product production and cost competitiveness. Moreover, with Taiwanese silver slurry plants accounting for a foothold on the front and back silver slurry processing, there is a great demand for voluminous, stable quality silver slurry powder producers, and the group has secured the representation right fro major silver powder producers to be able to offer a stable supply volume, and that as silver powder is not only used in the PV industry, and it can even cross over to the LCD and passive components industries.

7) Other testing and laboratory use equipment

In recent years, Taiwan's IC industry, FPD industry, LED industry have achieved a certain scale, and comparatively equipment, material companies supporting the foresaid industry processing have mushroomed in their inceptions. To satisfy small medium high-tech firms and research laboratories' needs, the group has also launched the latest Lasertec new product of a hybrid laser microscope.

(2) Automatic supplying system

1) Gas automated supply system

With significant room to grow on the semiconductor, optoelectronics, biotech and other high-tech industries at present, whether it is in Taiwan, Mainland China or Singapore, it also triggers other relevant industries to buoy. Particularly so is how the gas automated supply system plays an infinitely important role in a plant facility, and it is also one of the indispensible, critical facility in a high-tech plant.

No change is expected in the gas automated supply system, whether it be in the implementing technology, project design or gas supply equipment and so forth at present or in the future, yet in light of the low price competition, new competitors, local or foreign, continue to join in the race.

Through many years of efforts, the group has become one of the primary industry suppliers, in terms of the operating scaled and technical sophistication. In the future, the group vies to put its competitive focus on optimizing the cost control model, in a bid to bring the clients with high quality, high efficiency total solution proposals.

2) Chemical automated supply system

With the chemical automated supply system being a requisite chemical conveying supply facility in high-tech industry plant launching, where not only the existing IC, FPD, LED industries' production expansions have put an increase on plant launching project demands, and with other peripheral supporting companies that although small in scale but for quality demand also require installing and operating such automated supply system on production equipment and at materials factories. Focusing on the future technical aspect, unless there is innovative development on the use of chemical materials, the current system design, equipment and implementation will continue to undergo changes corresponding to the customer's processing change, and exactly for is service uniqueness, and high technical thresholds, the saturating market will prevent potential rivals from entering into the market.

3) Special gas monitoring system

The special gas monitoring system is of a necessary design in the high-tech industry's plant launching safety measures, and besides the existing IC, LCD, LED industry production expansion, which expands the monitoring system's market, other peripheral related industries are also in need of introducing the system for the safety and monitoring demands on production-related equipment or materials.

4) Logistical service operation

For the lack of manpower and for professional consideration, various IC, FPD, LED plants are turning to outsourcing some of their operations to professional task-sharing service has also become a future trend. In the next few years, there are plans to begin outsourcing the facility system operations to outside task-sharing, such as the gas, chemical, pure water, E&M systems, as to the facility equipment and other aspects, there is no such necessity for task-sharing so far.

The group is currently pursuing the total chemical management (TCM), total gas management (TGM) and total water management (TWM) work, which will facilitate offering more comprehensive and all-encompassing services; as for the facility operating service for small and medium plants, currently a set of comprehensive facility operating contracts have been signed, and the group vies to actively underwrite projects by choosing the suitable customers as a breakthrough to the operation.

5) Factory automated operation

A. Facility management control system (FMCS)

The system remains a critical investment in the high-tech industry in inducting the facility monitoring on plant facility into the plant launching, and for the future, besides the high-tech sector, other industries are poised to add such type of automated facility monitoring facility needs with technological progress, with which to excel the adequacy ratio on plant facility, ensuring a smooth factory production, manufacturing flow in the future, thus offering aggregated market demand, but relatively with increasing number of competing companies.

B. Computer-integrated manufacturing (CIM)

It aims to offer the clients with a comprehensive solution proposal throughout the manufacturing production process, including the production management, equipment monitoring, process improvement, energy consumption with refined services, which assist the customer with increased throughput, increase the yield, reduce the material and energy consumption.

C. Automated product representation operation

The product integrates cloud technology and Web framework, and also provides a highly extendable firmware/software framework, which can be applied in specific applications of energy saving and carbon reduction, equipment status monitoring and so forth, with which to provide the client end to rapidly introduction a solution proposal, making it a future automated product development trend.

6) Information communication, enterprise information and software services

At present, enterprises, when faced with future diverse and drastically variable interactive environment, often need to confront the unknown by grasping the known technology, to require utilizing the existing resources, and further need to convert a variety of data into information, or even utilize the cloud platform in analyzing large data in order to derive high quality analyses and decision reference data, which can enhance an enterprise to confront the rapid changing speed at decision making, as coordinated with the cloud and mobile equipment interacting to conduct the internal resources integration, by which to adjust the operating pace, maintain the customers' loyalty to the enterprise's products for aggregating the positive effect.

With mobile broadband innovative technology and applied services development being a focal development orientation by governmental department and in the computer information industry in 2015, the integration of logistical networks, digital streamlining and cloud technology can be used to develop innovative applications encompassing the aspects of intelligent cities, smart homes and so forth. In light of which, the group vies not only to continue culminating the telecommunication operators' system integration services, and when faced with the rush of big data and software service, we will continue to devote our efforts in "destructive innovative" by using the service orientation build on the existing business mode as the software development backbone to introduce an open-ended API management, with data science and figurative analysis as the software services core framework by developing an O2O (online-to-online) enterprise real-tie competitive biding platform, which will utilize said open-ended framework and cloud service spirit, offering even lower system launching and operating costs, offering the enterprise owners with more flexible cloud enterprise services.

The group will broach it by integrating the logistical sensor equipment and digital content management platform in conducting interior positioning, guided purchasing and browsing on business application services development, which can be applied in settings such as department stores, showrooms, museums, malls and so forth; it is anticipate to utilize precise business marketing scenario in a bid to create a win-win value cycle between the owners and the consumers. It will also offer enterprise information system integration management, consulting advisory and solution proposal related services, and also to provide the contents closer to market needs on digital content service, integrated information, communications, and mobile applications, as well as cloud service platform. While the MingStar serial products have accumulated the group's vital information assets, the company's enterprise computerized services offering enriching practical experience can also act as a critical collaboration partners to various enterprise information strategies in an attempt to echo to the market demands, and to create greater gains and value.

(3) Total Facility Engineering Turnkey Project

1) High tech/biotech and pharmaceutical plant facility planning, design, work implementation and turnkey testing

With high-tech IC, FPD, LCD and related industries confronting a slowing demand and the global economic slowdown tsunami, dragging down peripheral industries to facing the issue of a slowdown in plant expansion, these companies facing the conundrum in how best to utilize their manpower with precise efficiency have turned to integrating professional operators as a future trend.

With market competition becoming ever fierce, it not only put pressure on professional operators offering the professional service, even the customers themselves can no longer distance themselves from the turbulent change. In terms of how best to effective control the investment cost, fully grasp the plant launching and mass production engineering project and securing high quality plant launching result which will enable the customer to meet or exceed their expectations of product acceptance ratios, and successfully putting forth the first step with competitiveness once the clients complete the plant launching has become the market trend, which the group has commanded the comprehensive service capabilities.

The group, with long term operation and focus, has culminated enterprise units with varied disciplines, and is currently streamlining to the change in market demand modes by speeding up the integration work among varied units embracing towards a single service window, by which to offer the customers with a brand-new package professional services, which will cut down the working interface, reduce the pairing difficulties, and in turn excelling the efficiency, and reducing the cost expenditure and plant launching time.

The group’s ability to rapidly grasp the market pulses and respond as early by actively venturing into the market and also strengthening its technical sophistication and integrating working capability, together with actively expanding into the biotech and pharmaceutical plant launching operations, encompassing civil work, steel structure, interior furbishing, E&M, clean room, gas, chemical, water systems, pharmaceutical special needs among other plant logistical systems, secondary logistics with primary turnkey professional track record has garnered the clients’ recognition and confidence, preparing it to further expand the market operations in the future.

2) High-tech factory equipment/server integrated server installation project (total turnkey hookup projects)

In response to high-tech plant launching’s rapid timing and the demand of budget and cost control, project turnkey integration emerges as an optimal solution proposal at present.

The group is renowned for commanding a most authoritative overall planning, design capability and work implementation team in the industry. It has rendered many major high-tech plant equipment/service integration and hookup projects and general petrochemical projects. Despite there are other operators joining the domain at present, the group however still holds a respectable leading edge.

3) Other industries

When faced with petrochemical plants, general brick-and-mortar industry domain, the group has also utilized its own capability in exploring and developing the area, as it anticipates to not only catering to the high-tech sector but also gaining a foothold in the traditional industry and public infrastructure projects.

(4) R&D and manufacturing of Customized equipment

As the processing equipment required of the local high-tech industry still relying on foreign imports, and for the lack of major local producers venturing into the industry, yet as the processing continues to evolve in generations with rapid high-tech development, foreign original equipment manufacturers will no doubt gradually release their older technology in order to focus on bracing towards new generation technology development, and the older processing equipment manufacturing or operational maintenance/repair will gradually rely on local producers. Moreover, as driven by low cost and large-scale equipment (specifically referring to the TFT-LCD industry), it further drives foreign original equipment manufacturers to seek collaboration partners in Taiwan.

The group, in care of the trend, has significantly increased its R&D budgets in recent years, particularly focusing on customized equipment by stepping up on its design, assembly and testing capability, fostering a few projects currently in progression. The group anticipated to steadfastly emerge in the market, in anticipation to entering the industry at a most competitive stance, gearing to contribute its efforts to the processing equipment industry that somewhat lags on the island.

As Mainland China's demand for customized equipment needs is yet another scenario, due to its lagging population bonus, as the rising labor wage continues to marginalize the enterprises burdens, while its urban development policy further resulting in frequent labor shortages, MIC is poised to rise riding on its customized automated equipment design and manufacturing capability, as supported by its mainland Chinese subsidiaries supporting mainland's twelfth five-year plan, to experience a dynamic development in the civil industry, with many projects currently in progression.

2. Competitive status

   1) Sales and service of high-tech equipment and materials:

   2) Lasertec company's color filter testing and repair system

      With color filter's primary rivals are V-tech, Takano, NTN and such companies, to seize next generation large size market orders, all producers are aggressively turning t lowering the cost and excelling the functions, together with the governments' localization strategy incentives, the servers' manufacturing and production lines have been shifted completely to Taiwan, and with the cost significantly reduced, it offers certain help in securing the orders.

   3) MTC company's optical mask coater equipment

      With MTC's optical mask light blocking coaters facing increasing rivals in the market, MTC remains the primary supplier. On optical mask cleaners, German Hamatech, Japanese Sigama are primary rivals, while MTC relies on its fine processing experience and innovative design to gain a competitive edge on optical mask cleaners.

   4) HiKE company's batch type burner equipment

      With the primary rival is Tokyo Dynamics, current TSMC N20 plant expansion has the server count exceeding the rival's, and on the next generation processing server adaptation, the group has secured rather respectable result collaborating with TSMC R&D department; also on memory market, with Hua Ya and Mei Kuang further collaborating, it is expected to gain further growth.

   5) Corning Tropel company's testing server

      It accounts for around an 80% market share in the precision processing industry, around a 60% market share in the wafer industry, with primary rival being FRT, but Corning Tropel continues to reign in technology.

6) Jordan Valley company's testing server

It accounts for over 40% of the market share in Taiwan and Mainland China, with around 100 servers installed, and when competing with foreign suppliers, although varied in technology, it continues to command ceratin competitiveness for the pricing advantage.

7) Formosa company's positive charged material

With fierce competitiveness on positive charged materials in Mainland China, there are in excess of 15 lithium producers, all taking to the price fight, while the group, as a non-sole representation, only occupies less than 10% of the market in Mainland China, and is positioned at a middle-lower level.

8) Cobot company's microelectronic material

With the main competitor being Mainland China's An Ji Microelectronics, and with state project capital backing, CMP is poise to cause certain threat to the microelectronics material Cobot supplies on the low-end domain.

9) Dog-A company's OLED aging equipment

It mainly pertains to supply Apple processing plants with original certified equipment for Apple producers and processors, and currently Dong-A caters to Apple processing plants with sale and after-sale service proejcts.

(1) Automatic Supplying system

1) Gas automated supply system

With the gas automated supply systems being a rather matured industry in Taiwan, thus the requisite competitive edge rests more than on a stable quality, low cost remains a major concern.

The group has successfully developed with gas material vendors a modualized panel to command a competitive edg in pricing and production speed; in product development aspect, it is able to offer customized product catering to the client's needs; in onsite maintenance/repair aspect, the reasoned software/firmware engineers are able to provide speedy, real-time services.

2) Chemical automated supply system

3) Special gas monitoring system

4) Logistical service operation

5) Factory automated operation

A. Special gas and facility management control system (GMS & FMCS)

B. Computer-integrated manufacturing (CIM)

C. Automated product representation operation

6) Information communication, enterprise information and software services

(2) Total Facility Engineering Turnkey Project

(3) R&D and manufacturing of Customized equipment

(III) Technology and R&D status

1. The operating business's technical level and R&D

The group, at its initial inception, primarily caters to TSMC, UMC and related IC manufacturing companies, and through the close-knit cooperation with globally renowned semiconductor and electronic materials plants, it has introduced various high-tech products when Taiwan's semiconductor industry is at a budding stage, and as it has also utilize the opportunity of collaborating with globally renowned producers to steadfastly introduce the technology to laid a sound foundation on the group's automated supply system and integrated system professional know-how.

In the aspect of gas automated system and integration projects, the group commands relevant professional design personnel in semiconductor, mechanical automated control and chemical engineering and related domains, and also relies on equipment distributor's orientation training and pertinent technology outsourced orientation training to absorb local and foreign peers' technology, and also work through the interactive exchange with key customers and local vendors in fully discerning the producers and users' needs, to develop on its own the international SEMI certified highly clean special gas supply system equipment, technology and know-how. In recent years, the group's major customers in semiconductor foundries include TSMC, China Semiconductors, Singapore's SSMC, Philips among other companies, and in optoelectronics plants of Optronics, Shu Ming, Ding Yuan, Lian Ya among other plants.

In the aspect of chemical supply systems, it has in 1991 first built MXIC FABI, with then technology originated from U.S. System Chemistry Inc. supplying the servers, and the company charged with implementing the pipework project, and also installing the testing equipment servers, and the U.S. original manufacturer has assisted in completing relevant projects, which sets off a foundation of the company's chemical supply system engineering technology. Upon completing MXIC FABI, it successively undertakes projects from HMC, TSMC FABII, Winbond FAB II, Mosel FAB II, while System Chemistry Inc. has progressed from initially assisting to complete the projects to only supplying the servers, while the company has completed all system installation and tuning by itself. With experience accumulated over time in plant launching, the company has turned to designing and assembling the servers on its own, and has from 1994 to 2000 successively underwrote TSMC, UMC, Nanya and other major plants' fabrication foundry small supply systems. With a wealth of experience accumulated through instilling these small supply systems, and also through absorbing local and foreign information and ongoing communication exchange with the clients over time, it begins in 2001 to 2005 to underwrite large-scale chemical supply system facility launching projects for Chan Mao Chimei, Rite Tek, Lian Zhong, Fei Bao, China Picture Tube 4.5 generation and 6 generation plants among other optoelectronics plants, and has also participated n MEMC plant expansion facility turnkey design project, in 2008 to 2009 it successively completes Ace More, Ba Yang, Da Shin, Wen Mao and Chun Chang optoelectronics pants' facility launching projects, and in 2010 to 2011, it has participated in TSMC FAB 12, 14, 15 plants and Chu Hwa and other plants' expansion facility turnkey projects. In 2012 to 2013, it underwrites Meade Advance, Wen Mao, Ace More expansion turnkey design projects. From 2014 to 2015, it participates in Micro Technology, CNS plant launching and related turnkey projects.

The group has, in recent years, actively delved into customized equipment R&D and technical development, particularly focusing on stepping up customized equipment design, assembly and testing capability, with currently developed projects include the

TFT LCD industry's computer-integrated manufacturing (CIM), 8G panel conveyor, dense packer (panel packer), and 8G checker firmware/software, as well as solar energy battery cell module segment equipment, image screening equipment and solar energy battery cell laser graphic device and the like, and it has further strived to embrace the IT, biotech, medicine, food and traditional brick-and-mortar industry's logistical automation design and manufacturing development; moreover, it further participates in the Ministry of Economic Affairs led industry high tech project using the LED as the light source on LCD backlight module cores.

Thanks to the groups' efforts in automated supply system and integrated system operations in more than two decades, it enables the group technical capability and project executive capability to garner widespread customer recognition, and when envisioning the local two trillion dual star industry development technology, and with customized processing equipment market becoming ever prevalent, the group vies to continue venturing into the customized equipment R&D domain, and to bridging with global major producers, in anticipation to expand the technical gap with rivals and also strengthen the foundation for a sustainable growth.

2. R&D personnel and their education/exposure

Unit: persons; %

Year / Education	2013		2014		2015 up to March 31	
	Personnel	Ratio (%)	Personnel	Ratio (%)	Personnel	Ratio (%)
Doctoral	1	1.85	1	2.13	1	2.08
Master	40	74.08	35	74.47	35	72.92
B.A.	11	20.37	9	19.15	9	18.75
College	2	3.70	2	4.25	3	6.25
Total	54	100.00	47	100.00	48	100.00
Average seniority	3.22		3.59		3.58	

3. The injected R&D expenditure in the most recent year and up to the annual report publication date

Unit: NTD per thousand

Year / Item	2014	2015 up to March 31
Research and development expenses (A)	145,486	32,940
Operating income (B)	14,965,399	3,695,656
Ratio (A)/(B) (%)	0.97	0.89

Note: The figures are disclosed based on the 2014 CPA-audited consolidated financial statements and the 2015 Q1 CPA-reviewed consolidated financial statements.

4. Successfully developed technology or products

The group research and development team commands high-tech manufacturing, automated control, laser, optoelectronics, software, precise machinery technology integration capability, and has had rather excellent results in developing high-tech system equipment, with some of the critical R&D practical performances as enlisted below:

Year	RYD track record	Application domain
2000	Color filter automated production line software	Thin membrane liquid crystal display (TFT-LCD)

2001	Thin membrane liquid crystal display substrate automated handling system	Thin membrane liquid crystal display (TFT-LCD)
2002	MMIS (12” wafer defect micro observation equipment)	12” wafer production check
2003	CD, DVD disk offline bonding equipment	CD, DVD disk industry
2004	TFT 5.5G inspection equipment E&M firmware/software	TFT-LCD display
	TFT 5.5G review inspector	TFT-LCD
	TFT6G inspection equipment E&M firmware/software	TFT-LCD
	TFT6G panel conveyor	TFT-LCD
	Chip IC pick and place equipment	IC sealing/packaging
	CIM (computer-integrated manufacturing)	TFT-LCD
	Panel dense packer	TFT-LCD
2005	Image screening technology	TFT-LCD
	Sixth generation color filter tray	Color filter
	High definition A/V processing chipset	Digital A/V equipment
2006	TFT 8G panel conveyor	TFTLCD
	TFT 7.5G mending server’s E&M software/firmware	TFT-LCD
	Etching equipment software/firmware	LED industry
2007	Laser etching machine	Passive components industry
	TFT burn checker	TFT-LCD
2008	8^{th} generation pneumatic conveyor equipment	TFT-LCD
	Panel edge fracture checker	TFT-LCD
	Crystal silica refractive layer continuous membrane equipment (PECVD)	Solar energy industry
	Laser tagging machine	Passive components industry, solar energy industry
	Full high definition image processing chip	Surface display industry
2009	Industrial remote control device	Industrial control industry
	LCD backlight module core precision laser processor	Surface display industry
	Solar energy battery laser graphic machine	Solar energy industry
2010	Solar energy battery cell partial mixing selective transmitting laser processor	Solar energy industry
	Solar energy electric heating system	Solar energy industry
	3D image panel automated optoelectronics checker	Surface display industry
	Sapphire substrate checker	LED industry
	Passive component loading tray checker	Passive components industry
	Laser etcher	Passive components industry, LED industry
2011	Panel industry robot handling system	Surface display industry
	Hexagonal appearance checker	Passive components industry, LED industry, IC industry
	Sapphire graphic substrate automatic optical defect inspection sorter	LED industry
	Sapphire buffed substrate automatic optical defect inspection sorter	LED industry
	Optical non-contact high-speed precision dimension checker	Touch panel industry, traditional industries
2012	ACS color automated calibration system	Surface display industry
	Graphic sapphire substrate processing equipment next generation	LED industry
	Nuclear acid extractor instrument	Biotech industry
	Wood analyzer	Traditional industry
	Panel thin line	Surface display industry
2013	Aluminum wheel die cast flow automated production line	Traditional industry
	Automated extraction spectrometer	Biotech industry
	Powder tester automated filling equipment	Biotech industry
	FPGA motion controller	General industrial and tech industries, etc.

	High-throughput coater/developer	LED industry
	Ball impregnator	IC packaging industry
	Production automated system optimization	Traditional industry
	High speed coding machine	Beverage industry
	Automated transport system	Electronics industry
	Sapphire etching machine automated loader	LED industry
2014	High-speed wrapping membrane chopper	Beverage industry
	Automated transport system	Electronics industry
	Shell loaded membrane oil-gas separation system	Petrochemical industry
	ESI automated upload/download system	Semiconductor industry
	Ice water server temperature control system	Semiconductor industry
	Special bottle rear production line	Beverage industry
	Mask automated epoxy remover	Semiconductor industry
	Fully automated material extraction screening system	Biotech industry

(IV) Long-, short-term business development plans

1. Short-term operating strategies

   (1) To expand the depth and propensity of the high-tech equipment/material sale product lines.

   (2) To integrate the electrical and mechanical engineering, facility design and facility integration implementing capability.

   (3) To enforce ISO 9001, ISO 14001 and OHSAS 18001 working standards, quality and working safety requirements, and also to strengthen the enterprise resource integration system development, with which to assist the group to operate on a systematic and standardized foundation.

   (4) To research and develop, design, manufacture customized private label equipment.

   (5) To actively expand into non-high tech industry customers.

2. Mid-term operating strategies

   (1) To actively rally for potentially dynamic industry processing equipment/material representation rights.

   (2) To accumulate high-tech industry’s customer base and technology, and expand into the Asian markets.

   (3) To actively introduce relevant high-tech technology, develop the localized assembly-related processing equipment technical capability, with which to assist localizing the original manufacturer equipment.

   (4) To integrate the initial plant and customer resources to jointly expand the Asian markets.

3. Long-term operating strategies

   (1) To excel in the high-tech industry, i.e. IC, TFT-LCD, LED, OLED, petrochemical, solar energy battery and biotech, electrical and mechanical, telecommunications, foods and related industry services, and also to expand the sale and service network in securing its footing In the Asian markets.

(2) To continue accumulated experience on customized equipment R&D and manufacturing by jointly developing future fabrication equipment.

(3) To continue excelling automated supply system's relevant technology and seeking higher end design development.

(4) To develop enterprise-to-enterprise e-commerce system, bearing to become a customer end and supply end's information exchange hub.

II. Market and Sales Overview

(I) Market analysis

1. Key products (services) sale (supply) areas

With the group's sale or service areas in the most recent two years catering mainly to the Taiwanese and Mainland Chinese markets, the group, in a bid to expand its operating performance and stepping up its customer service and also securing the timeliness, has since launched service offices in Singapore, Vietnam, Malaysia, Myanmar, Korea, Shanghai, Wushi and so forth, which will facilitate offering high tech manufacturers in these areas with equipment or materials, offering technical support and plant automated system and related product service needs.

Unit: NTD per thousand; %

Year Sale or service area	2013		2014	
	Amount	Ratio (%)	Amount	Ratio (%)
Taiwan	7,675,052	54.66	8,275,446	55.30
Mainland China	4,423,430	31.50	4,399,673	29.40
Other	1,943,792	13.84	2,290,280	15.3
Total	14,042,274	100.00	14,965,399	100.00

Note: The above figures are disclosed based on the the 2013 and 2014 CPA audited consolidated financial statements.

2. Market Share

(1) Sales and Service Business for High Technology Equipment

KMG Company	Etchant, photoresis remover. Photomask makers in Taiwan are all its regular customers. The market share in Taiwan is over 50%.
MTC Company	Photomask related equipments. Photoresist coating machine has about 80% of market share in Taiwan; cleaning machine has about 20% of market share.
Rippy Company	Abrasive brush (Brush) CMP market: 30%。
HiKE Company	Batch-based furnace pipe equipment has about 50% of market share in Taiwan mainly for diffusion process.

Athlete Company	Ball mounters and ball chargers for wafer level chip scale package have about 80% of market share in Taiwan.
Cabot Company	CMP grinding liquid. Currently, the market share in China is above 90% with an absolute advantage with respect to market share in high-end field.
Corning Tropel Company	Planeness gauge. The market share is about 80% in the precision industry.
Jordan Valley Company	High resolution diffractometer. The market share is above 40% and the installation quantity has been up to about 100 machines now in Taiwan.
Formosa Company	Positive materials. The market share is below 10% in China.

(2) Automatic Supply System

①Gas Automatic Supply System

For gas supply equipment, the gas cabinet used by semiconductor fabs and photoelectric plants are all designed, soldered, assembled, tested, installed and guaranteed by the Company in our own plants (Toufen Plant). There is no difference for valve manifold box (VMB). Since the building speed and quantity for new plants are not as before, the competition for gas automatic supply system is getting more and more intense. With respect to development strategy, the Group still focuses on introducing certification of high standard and specification requested by large companies, such as TSMC and UMC. We also engage in development of LED plants, solar energy plants and research units etc. in order to increase market share of equipments and profit rate.

②Chemistry Automatic Supply System

For this system, Air-Liquid, Mitsubishi, Sumitomo, Kanto and the Group keep as competitors with each other.

The Group has a 30% to 35% of market share for business. Currently, we have our own brand both to enhance price competitiveness, and to maintain and increase market share.

③Plant Automation Business

Facility monitoring control system (FMCS): The major suppliers in Taiwan are the Company and the automation business department of MITAC. In response to drastic price competition and drastically increased raw material cost, in addition to original technical capability, the Group complies with the trend of technological development by introducing wireless technology solution to improve competitiveness and reduce cost.

④Information & Communication and Software Services

A. Information & Communication Services

In Taiwan, we have acquired orders from telecom companies, and provided information system development, consultant and labor services while creating teams with international level network & communication vendors and information vendors to participate in deploying related bidding cases with the systems of 4G telecom companies, including business support system(BSS), operation support system (OSS), and content value adding service etc.

B. Business Information Service Aspect

In addition to providing professional information services required by the Group continuously, professional services, such as enterprise commercial exploration, enterprise resource system, enterprise information based infrastructure etc. are further engaged in.

(3) Total Facility Engineering Turnkey Project

①Plant plan, design, construction and test (turn-key) for high technology/biotechnology and pharmaceutical plants.

Due to drastic demand change in high technology IC, FPD and LED etc. industries, a company desires to reduce and employ labor effectively, so that the assistance from a professional vendor with integration capability has become a trend.

Since the competition is getting more and more intense, not only professional vendors providing professional services are facing pressure, but also customers themselves should engage in solutions. It is already a trend to control investment cost effectively, and handle engineering schedules of plant building and mass production sufficiently together with high quality plant building result for the yield of products of customers to meet or exceed expectation, and for customers to initiate competitiveness smoothly after plants are built. The group has already had such comprehensive service capability.

Because of operation and concentration for long time, the Group has developed business units with different professional technologies, which, currently, comply with market demand type change, accelerate integration of different professional units, target to single service window, provide customers with complete and new professional services, reduce work interfaces, reduce engagement difficulty, and correspondingly, improve efficiency, reduce cost expense and time to build plants.

Due fast handling of market trend and early response, the Group has invested in the market actively and enhanced technology level together with integrated construction capability, and has developed biotechnology and pharmaceutical plant building business actively, including construction, steel structure, internal installation, electro mechanics, clean room, gas, chemistry, water systems, special pharmaceutical requirement plant systems, secondary distribution etc. These turn-key professional performance wins admission and trust from customers. In the future, the market business will be further expanded.

②Total Turn Key Hook-up Project for High Technology Plant Equipment Machines

In response to fast high technology plant building and requirement of budget cost control, turn-key integration is the best solution now.

The Group has the publicly certified entire plan, design capability and construction teams in the industry. A lot of integral linking projects have been executed for a variety of large technical plant equipment machines. Although other vendors join this field now, the Group still keeps a leading advantage.

③Other Industries

For petrochemical factories and general traditional factories, the Group also develops the capability to participate in traditional industries and public works in addition to high technology industries.

(4) R&D and Manufacturing of Customized Equipment

Such high technology equipments are still dominated by foreign vendors in Taiwan now. However, the Group has devoted to LED production equipments and LCD automation equipments with related customization experiences and performance, such as, manufacturing of Conveyor, LOADER/UN-LOADER, Packer and AOI system for LCD industry, and plasma etching equipment, solar energy battery module segment equipment and image detection equipment in LED industry. Additionally, for process equipments in LED industry, corresponding automation equipments, such as auto film advancing machine and so forth have been developed with respect to fineness and labor reduction. Our factories of subsidiaries in China also design what we design, make food machines, and assist in large Japanese OEM companies to produce thermal cycling system. We engage in equipment sales and installation, maintenance and process R&D with vendors all over the world in order to sell such high technology equipments to America, Japan and Korea etc.

In recent year, such technology has been promoted to traditional industries and biotechnology industry to increase production benefits of non-high technology industries by means of high technology equipment technology.

3. Future Supply and Demand in the Market and Growth Prospect

(1) Sales and Service Business for High Technology Equipment

①Equipment Business

Gartner, an international investigation and consultant institute, concludes that the semiconductor capital expense of 2014 is about 12.9%, and the growth in 2015 will slow down subject to conservative investment strategy. The growth of global semiconductor capital expense is predicted to be only 0.8% in 2015, i.e., 65.7 billion USD while the expense for semiconductor equipments is predicted to increase 5.6%.

IC Insights, a market investigation institute, points out a predicted 7% of growth for global IC market in 2015. However, there are 10 kinds of products will have grows superior to the total market, five among which, including special purpose logic for vehicle, DRAM (dynamic random access memory), special application analog chips for vehicle, wireless communication special application analog chips and mobile phone application processor etc., will have a growth rate up to two digits. Since IoT (Internet of Things) devices have become a new blue sea market for semiconductor industry, IoT related semiconductor output will be up to about 5.6 billion USD in 2015, i.e., 19% of annual growth rate, the scale will increase to up to 11.5 billion USD in 2018, and the composite annual growth rate (CAGR) from 2013 to 2018 will be about 24.3%, according to prediction of IC Insights.

For panel industry, Photonics Industry & Technology Development Association (PIDA) predicts an about 86.6 billion USD of annual global display panel module output in 2015, i.e., an annual growth rate of about 5%. It also estimates an about 4% of CAGR of global display panel module industry from 2012 to 2016 as a slow trend. PIDA regards that there are "Five Major Trends" ongoing: introduction of new technologies and new materials into panels, popularity of integrated touch control technology, popularity of high definition display panel, explosion of smart mobile or wearable display devices, and new migration of panel industry.

The increased LED lighting products and further reduced cost, in addition to more advantageous in profit of industrial lighting products, industrial lighting market will become an important field LED packaging and lighting vendors will seize in 2015 to 2016. LEDinside predicts that the scale of global LED industrial lighting market will reach 2.366 billion USD in 2015 and 3.935 billion USD in 2018. Moreover, DIGITIMES Research predicts that the output of global high illumination LEDs in 2015 will have a 7.5% of annual increase rate, i.e., up to 13.7 billion USD, and the total number of LED dies to be used will reach 186 billion dies, i.e., an annual increase rate of 32.6%. Wherein, lighting has the highest annual usage increase rate up to 65%.

②Material Business

Materials are sold for supporting production requirement of factories of customers all over the world. Therefore, the sales of various related materials would increase in response to outputs of various industries. With respect to supply, increase of customer satisfaction in technology, cost and after sales service is focused to increase market share.

(2) Automation System Business

①Gas Automatic Supply System

In addition to maintain orders from existing customers, the Group develops new customers and new orders actively, too. With robust basis constructed in these years, the Company will occupy a position in gas automatic supply system definitely under such a tough competition situation.

②Chemistry Automatic Supply System

With respect to supply, all competitors are engaging in localized production now in order to reduce cost and increase delivery speed.

③Running Service Business

According to current condition, most customers will still dictate the original vendors providing equipments to stay for running services. However, under the pressure of cost down, outsource running service is an inevitable trend. If there is a professional company that can be admitted by all customers and "suppliers", then the amount of professional running service business should be increased with market demand.

④Plant Automation Business

A. Facility Monitoring Control System (FMCS)

This system is an important investment that introduces facility monitoring for whole plant into factory building in high technology industry. In addition to high technology, other industries will also increase the demands for such automatic plant monitoring facility due to advanced technique. However, expansion of potential market demand results in the trend of increased participant companies.

B. Automatic Special Gas Monitoring System (GMS)

GMS, like the central brain, is a design necessary for safety measure in building factories for high technology industry. Additionally, because life and security of people are involved, the threshold for new competitors is very high. The Group can still be one of the leaders in this field as long as the technological function keeps improved. This should be an apparent fact. Such monitoring system market is increased due to production expansion of original IC, LCD and LED industries. Other peripheral related industries also have to introduce use of such system because of production related equipments or materials with respect to security and monitoring requirements.

C. Manufacturing Integration Business (CIM, Computer-Integrated Manufacturing)

After financial tsunami, current semiconductor industry, solar energy industry and LED industry all present recovery and large expansion conditions. Particularly, in response to strong competition with respect to factory expansion of Korea and China, high technology industries of Taiwan are facing important issues with respect to introduction of advanced process technology and increase of throughput and yield, in addition to output competition. Under double pressures of Japanese nuclear factory disaster and increased gasoline price, energy saving and carbon reduction issues are definitely future investment, to which vendors will pay attention.

D. Information & Communication and Software Services

Products combined cloud technology and Web structure, together with high extensibility of software and hardware structures, are applied to energy saving and carbon reduction, equipment status monitoring special applications to provide clients with quick introduction solutions.

(3) Integrated System Business

Although there are many world-class companies for high technology integration system business, their focuses are on design or engineering construction monitoring for initial factory arrangement or clean room engineering. However, the technologies of high technology industries become more and more mature such that cost of factory building is lower and lower, so that the competition space of these world class companies are oppressed automatically. Furthermore, the complexity and the profession of integrated system business compel those world class vendors to focus only on design, construction monitoring and special high-level clean room items for high unit prices initial factory arrangement stage. This allows the Group to fold an extreme commercial opportunity and competitive advantages.

From equipment expansion integration supply systems of large IC and LCD fabs to project plan, design, construction and test, a different competition field is differentiated from design and construction monitoring of initial factory arrangement, to which the companies mentioned above pay attention to. Additionally, for special factory building requirement of middle and small factories or foreign customers, the barrier for foreign vendors to enter such field is always difficult due to cost and local after sales service convenience, so that the Group is one of the few professional vendors that can get across such a threshold in the industry.

To maintain competitive advantages and reduce cost, high technology industries have shifted low-level products to China, such that market competition has expanded from Taiwan to China and Southeast Asia. Accordingly, the Group has developed and deployed in such a large Chinese market with a great result.

With saturating electronic industry market, factory expansion and building have slowed down. We are engaged in development of biotechnology and pharmaceutical related business in order to develop another blue sea market. In addition, Southeast Asian business is being developed actively to distribute market risk. Accordingly, business has been developed in Singapore, Vietnam, Malaysia and Myanmar actively.

(4) Customized Equipment R&D and Manufacturing Business

In addition to market growth, use of localized equipment as possible is also a trend in photoelectric industry. As such, not only cost can be reduced, but also "efficient" and "monopoly" is possible in development of new products.

The large environment mentioned above is very advantageous to development of customized equipment assemblage, maintenance and process R&D for the Company. With several years of efforts, there have been several ongoing projects running smoothly. In addition to continuous development of talents, the Company employs experts to join operation team in order to occupy a position when there is an opportunity.

For livelihood, food and mechanical manufacturing, automation equipment business of drink and instant noodles has been expanded in China. Customers comprise large famous companies in China.

4. Competition Niche

(1) Wide business range capable of reducing single industry business cycle risk effectively.

(2) High technological level facilitating to win whole plan turn-key engineering business because there are few vendors with both automatic supply system and process equipment linking integration capabilities in our nation.

(3) Providing customers with diversified services, based on which deepness and breadth of products can be further expanded from process equipment, material agent, automatic supply system and integration system to localized assemblage, manufacturing design (OEM, ODM), installation, maintenance service.

(4) Business sites are located in Taiwan, China, Singapore, Malaysia, Vietnam,

Myanmar, Korea, Japan and United States for providing customers with local services and handling local market.

(5) We have robust operation team and rich experiences, and excellent professional staffs, and integrate transversely related technologies of various business divisions, go into different industries deeply, and deploy related business in Asia.

5. Advantageous and Disadvantageous Factors of Development Vision and Response Strategy

(1) Advantageous Factors

①The business of the Company covers, for example, IC, TFT- LCD, LED, IC packaging, OLED, petrochemical, lithium iron battery, solar cell, electro mechanics, telecom, food industries, which are still the industries with large growth for the coming 10 years in Taiwan, China and Southeast Asian region. The coming growth trend is a definite fact although there is still business cycle.

②As for high technology equipment material sales and service business, the Group and various suppliers have keep long term cooperative partnership. In addition to business transaction, we also obtain long term common interest with each other through cooperative production plan actively.

③The high industry has grown quickly in Taiwan such that talents in building factories are insufficient for all companies. In the future, the professional vendor with "integrated system" capability will be advantageous of attracting talents. For 26 years, the Company has introduced foreign technologies and developed integration in depth as the only one choice in our nation now. Moreover, the companies with such capabilities in Europe and America are very rare. Furthermore, under "localization" requirement in our nation, the development of the Company is far superior to other European and American companies.

④In order to reduce production cost and excessively large equipment (e.g., process equipment beyond 8.5G TFT-LCD) factors, the opportunity that foreign vendors search for OEM cooperation is increased. Currently, the customized equipment manufacturing business of the Group has been developed for many years, and cooperation projects with multiple original vendors are ongoing. The development with respect to capability of such technology facilitates to R&D of future equipments of high technology industry and accelerates improvement of both manufacturing quality and quantity for introducing foreign process equipments into Taiwan.

⑤The Company has been approved with ISO 9001 international quality certification and ISO 14001, OHSAS 18001 certifications to provide customers better service quality.

(2) Disadvantageous Factors and Countermeasure

①The growth of high technology industry grows excessively fast and graduate talents are insufficient. Moreover, excellent professional talents of the Group are susceptible to be poached by other companies and customers.

Countermeasure:

Provide internal trainings for talents actively in order to improve comprehensively product design and technical abilities, and realize professional experiences and R&D results with effective accumulation, together with offering bonus, share allotment and stock option certification programs for employees in order for employees to be more stable and in order to hire good talents.

②After participation in WTO (World Trade Organization), foreign operation sites have entered our nation such that market competition is more and more intense. Therefore, partial products may suffer from reduction of price and product gross margin due to competition with companies in the same industry and mature market.

Countermeasure:

In addition of deep development of original niche market with inherent advantages with respect to domestic laws, language and culture, the Group creates products, services and technologies with "integration" and with "differentiation" compared to competitors actively. Also, with standardization of work flow, MIS system cost control budget is enhanced to save labor, increase efficiency for cost down and reduce labor waste. Moreover, domestic business is promoted, together with sales promotion in Singapore, Malaysia, Vietnam, Myanmar, Japan, Korea and China markets in response to challenge of market opening.

③There are very engineering variables for automatic system and integrated system business, which are susceptible to mutual interaction of various engineering. Therefore, if the engineering work period is relatively long, increase of expenses of materials, equipments and outsourcing fees will result in increased cost, which causes business risk and financial maneuver risk.

Countermeasure:

The Group has to evaluate the factors that undertaken cases might influence work periods, and list them into predicted engineering cost, keep good cooperation relationship with suppliers, and develop long term good outsourcing vendors. During construction period, procurement and outsourcing prices have to be handled immediately, the possibility of price fluctuation has to be predicted, and discussion meetings for countermeasure in response to price fluctuation have to be held regularly or irregularly and collaborative procurement with relative enterprises should be done to reduce variation risk of procurement and outsourcing prices effectively. Also, short term engineering business should play the major role, and company has to adopt steady financial policy with sufficient operation revolving fund to pay revolving fund necessary for engineering operation. Thereby, not only belief of proprietors to credits and trust of the company may be increased, but also capital cost may be reduced.

(B) Important purposes and production processes of major products

1. Important purposes of major products

(1) Sale and service of hi-tech equipment materials

Manufacturer	Product	Function
Japan Lasertec Corporation	LCD Color Filter Repair System	Inspection and repair of color filters
	Laser Scanning Conofocal Microscope	Application is more extensive, covering various businesses; mainly used by R&D for measuring 3D critical dimension and surface curve.
Japan Hitachi-Kokusai	Vertical Furnace	Equipment for diffusion; the vertical design can reduce the area of clean room and is suitable for advanced 12" wafer production technology.
	MMT Plasma Nitridation System	Equipment for film growth; suitable for nm-grade IC manufacturing process, and has unique plasma source for growing films without plasma decomposition.
	Batch-type BCD Process System	Equipment for film growth; suitable for growing high-k, oxide and helide films; a necessary equipment for nm-grade IC manufacturing process.
Japan Taisei Corporation	Vibration Suppression Platform	Combined with relevant semiconductor equipment; can effectively reduce impact of earthquake on the machine and protect wafer product.
Japan KSS	Four-point Probe Tester	The probe I-V principle is applied for measuring resistance of metal film.
Japan MTC	Photoresist Spinner	Apply photoresist onto surface of reticle by dropping while spinning.
	Cleaning System	Wash surface of etched glass with appropriate cleansing liquid or deionized water.
Israel Jordan Valley	X-Ray(HRXRD/XRR)measurement system	Measure thickness and component percentage of semiconductor's nm advanced process wafer film by using HRXRD/XRR.
Japan Athlete FA	Wafer Mounter	Applied in advanced WLCSP process; it grows solder balls on appropriate locations on wafer surface.
Korea Top Engineering	LC Injector	Inject LC molecules into panel to form LCD's optical attribute.
Korea SFA	Polarizer, Remover, Recycling machine, Cleaning System, FA System	Laminate polarizer onto panel to form the optical attribute of polarized light.
Korea K.C. Tech	5^{th} Generation LCD Wet Station	Wet etching and cleaning system for 5^{th} Generation TFT LCD.
Korea IPS	Dry Etcher	Applied in G7, G8 LCD markets and AM-OLED/LTPS market.
Korea ANP	ITO Targets, ITO Ingots, Silver Adhesive	Suitable for color polarizer ITO coating, LED ITO coating and solar chip conductive silver adhesive.
Korea SDC	Glass Scriber	Suitable for cutting glass of LCD chip fragment
Korea MCK	Glass Cleaning Cartridge	Suitable for cleaning glass of LCD chip fragment
Germany HENKEL	ODF Sealant	Suitable for sealing glass of LCD CELL fragment
USA ITW Rippey	Central brush for cleaning semiconductor chip after CMP	After CMP, remove residues from semiconductor chip without harming the original surface flatness of the chip through physical and chemical (Zeta potential) effects of central brush.
USA AMES advanced material	Silver powder for conductive paste	Manufacture conductive silver paste by usingthe high conductivity of silver powder; may be applied for solar energy, touch panel and other applications that require high temperature sintering process.

Manufacturer	Product	Function
Germany DMS	FOUP/Reticle Pod Cleaner	Reduce VOC and particle of FOUP/POD to optimization by using high pressure hot stream, rapid air heating system and vacuum system.
	Wafer/ Reticle Stocker	Semiconductor fully automized wafer or reticle stocker can rapidly access and maximize storage.
Japan MGC	Wafer Cleaning/Etching Liquid	Used for wafer cleaning and etching.
Korea KAEL	Chemical filter	Chemical filter mainly used for semiconductor exposure unit and track.
Korea Aurors	Wafer overlay tool	Check alignment accuracy of overlay lithography before/after semiconductor process.
USA Corning Tropel	Wafer Flatness ,Thickness Analysis System	Measure wafer full surface flatness by using tangential incidence interference fringe; Attributes include high accuracy and rapid measurement; can support measurements of 2” to 12” wafers.
Korea Dong-A	OLED/LCD Aging System	R&D and QC engineering testing for various products such as LCD panel and OLED, and LCM post process module burn-in system testing.
Taiwan Formosa	Cathode Material	Suitable for LFP batteries of 3C, E-CAR, E-Bike and E-Moto.
USA Cabot	Microelectronic Material	Suitable for use in CMP process of semiconductor manufacture.

(2) Automation Supplying System

Category	Application
Gas Supply Automation System	Suitable for: IC, LCD, LED, GaAs and other hi-tech industries. Scope: Plan and design a gas supply automation system for an entire plant, including equipment selection, installation and testing, to provide a system that conforms to quality, safety, quantity and cost standards.
Chemical Supply Automation System	Suitable for: IC, LCD, LED, solar cell and other hi-tech industries. Scope: Plan, design, manufacture and install a delivery automation system, provide relevant equipment including mechanical and electrical products and automatic control, and provide relevant after-sales service for equipment.
Ultra Pure and Waste Water Treatment System	Suitable for: IC, LCD, LED, solar cell, public construction and other industries. Scope: Turn-key system planning, design, build, installation and running, including mechanical and electrical products and automatic control, and provide relevant after-sales service for equipment.
TCM (Total Chemical Management)、TGM（Total Gas Management）、TWM（Total Gas Management）	Suitable for: IC, LCD plants. Scope: Supply automation system operation, maintenance, material application,replacement and quality inspection.
Facility Management Control System (FMCS)	Suitable for: IC, LCD, LED, solar cell and other hi-tech industries. Scope: FMCS integrates sub-systems’ management control and data collectionand analyses to improve operational efficiency of facility and to reduce labor. The plan we provide for special gas control, which is most sensitive, can maintain production operation and protect workers’ safety under the most economic consideration.
Computer Integrated Manufacturing (CIM)	Suitable for: IC, LCD, LED, solar cell and other hi-tech industries. Scope: Provide clients with refined services during production process, including production management, equipment monitoring, process improvement and energy consumption, to offer clients a full solution for enhancing throughput, increasing yield and reducing energy consumption.
Agency for Automated Products	Suitable for: Various industries. Scope: Energy conservation and carbon reduction control, Dry Pump control,gas control system, remote control for coal mine safe production, intelligent solar energy control system, building

Category	Application
	automation control system, equipment health pre-diagnosis and management system for hi-tech industries, control system ODM service.
Business Support System (BSS)	Suitable for: Suppliers for telecommunications service, content service and Internet service. Scope: Plan, design, introduce and maintain relevant systems, including: ① Customer Relationship Management System for managing product catalogues, marketing events, consumers' basic information, service contracts, and complaint application and handling. ② Charging and Billing System for managing consumers' account information, contractual tariff, service fee calculation, bill production, and charge off/write off. ③ Order Management System for managing consumers' orders, supplying equipment, and arranging supply and installation. ④ Call Center System for providing a channel for customer service, handling customer calls, and notifying customers by phone.
Operations Support System (OSS)	Suitable for: Suppliers for telecommunications service, content service and Internet service. Scope: Plan, design, introduce and maintain relevant systems, including: ① Provisioning System for setting network equipment, arranging network resources, and opening authority limits of consumer accounts. ② Fault Management System for controlling operational status of network equipment, and collecting and handling fault alert messages. ③ Performance Management System for control operational efficiency of network equipment, and collecting and handling fault alert messages.
Value-added Service System	Suitable for: Suppliers for telecommunications service, content service and Internet service. Scope: Plan, design, introduce and maintain relevant systems, including: ① Short Message System: interconnect short message center, provide sending of enterprise marketing/notification messages. ② e-Books System: provide management, subscription and charging of e-book store members. ③ Content Management Platform: integrate multimedia contents, support playing of contents of multiple intelligent terminals, and provide contents on/off shelf management function and charge. ④ Voice Service VPN System: provide internal mobile phone VPN service; can adopt code dialing and call saving; integrated with webcam function.
Enterprise Resource Planning System	Suitable for: Manufacturing and engineering related industries. Scope: Plan, design, introduce and maintain relevant systems, including: ① Manufacturing Management System (MingStar-M): provide complete information on material fees and costs collected within an enterprise for analysis on the plant's status as basis for improving efficiency and controlling costs. ② Engineering Management System (MingStar-P): provide manager with project control related information for understanding execution status of project budgets as basis for arranging self-owned labor, subcontractors and outsourcing, and further managing project progress and controlling consts. ③ Acounting System (MingStar-A): provide internal subpoena and account book operations, account book information and financial statement information; provide method for handling multi-currency and multi-category accounts. ④ Consolidated Report System (MingStar-C): allow Group to conduct collective statistics and produce various consolidated reports on information regarding its subsidiary or relevant enterprise; provide manager with report inquiry functions such as information consolidation, tracking and verification; can execute comparison and consolidation of multiple corporate financial statements, manage accounting of firm's multiple foreign currencies, and further compile the Group's financial

Category	Application
	information; provide financial statements that conform to laws and regulations.
Business Intelligent Product (QlikView)	Suitable for: Various industries; currently focused on manufacturing, distribution and telecommunications related industries. Scope: Plan, design, introduce and maintain relevant systems, including: ① QlikView tool ② Customized system outsourcing service ③ Consultation service

(3) ITotal Facility Engineering Turnkey Project

Category	Application
Turn-key Project	Suitable for: hi-tech related plant building affairs. Scope: Planning, design, construction, supervision and testing, including mechanical and electrical product, clean room, UPW, gas, chemical and waste water treatment, and overall equipment connection; customer can seek the help of expert firms to refine labor and costs to rapidly complete plant building and profit from production.
Total Turnkey Hook-up Project	Suitable for: Semiconductor, photoelectricity, biotechnology and other hi-techindustries. Scope: Gas piping, chemical piping, UPW piping, vacuum piping, exhaustion piping, etc.; integration of at least 14 items.
General Engineering	Suitable for: Petrochemical industry, general traditional production industry. Scope: Design, piping and mechanical and electrical products of petrochemical plant; mechanical and electrical products of traditional production plant, mechanical and electrical products of intelligent building, and public construction; mass transit system construction.

(4) R &D and manufacturing of customized equipment

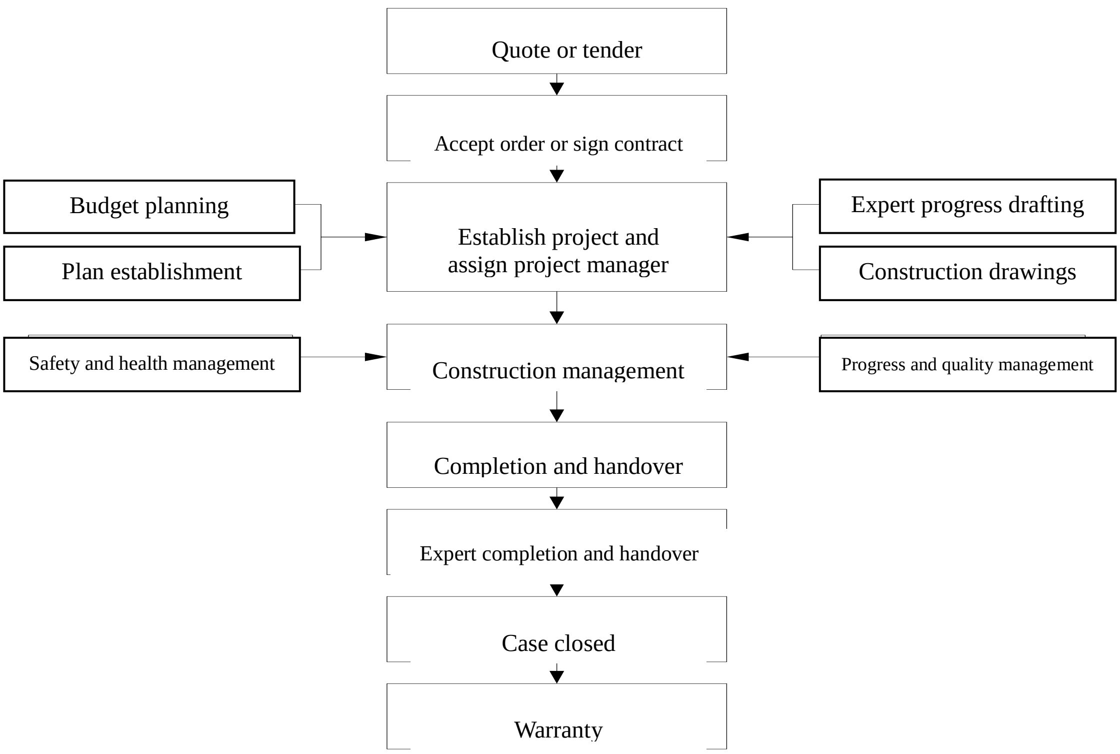
Category	Application
Customized equipment manufacturing	Suitable for: IC, LCD, O-LED, solar energy and other traditional industries. Scope: Based on consideration toward market competitiveness, the current entry point has to be focused on localized and customer design products. As for mass production of major production equipment, it shall be focused on cooperative production with foreign suppliers. Examples of development projects include CIM (facility automation software) of TFT LCD/Touch Panel industry, 8G panel conveyor, Burr Checker, Dense Packer, 8G inspection equipment mechatronic software and hardware, Solar energy battery modul equipment, image inspection equipment, and solar energy battery laser marking machine. Also make developments toward industrial logistic system automation equipment of tradition industries such as IT,

Category	Application
	biotechnology, pharmacy, and foods.
	Suitable for: Beverages, foods; electronics and other relevant industries. Scope: 1. Automation integration system for filling and packing palletizer in beverage industry. 2. Automation integration system for filling and packing palletizer in food industry. 3. Assembly automation system in electronic industry.

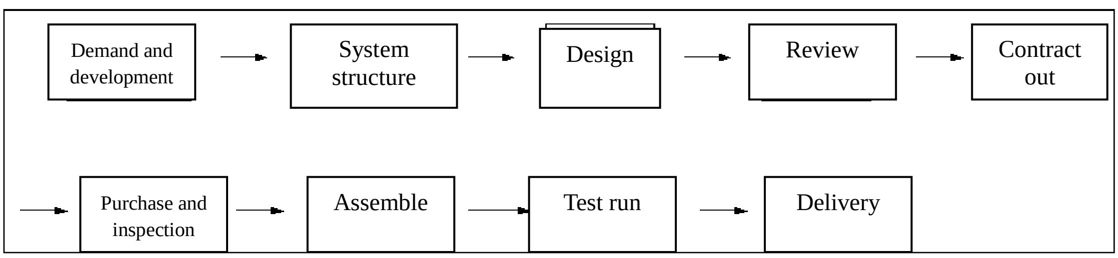
2. Production process of major product

Our high-tech equipment material sales and service are not production businesses, thus there is no manufacturing process. Our plant affairs and process system planning and integration service, and production process of customized equipment R&D and manufacturing are as follows:

(1) Workflow of Total Facility Engineering Turnkey Project and Automatic Supplying system



(2) Production process of R&D and manufacturing customized equipment



(C) Status of major material supply

For a hi-tech equipment sales and service business, the products we are authorized to sell as an agent are from long-term cooperating firms, thus the supplying is quite stable. Regarding plant affairs and process system planning and integration, stocked items are mainly raw materials required for piping constructions, such as pipe sitting materials and control valves. Because construction collaborations with owners are handled as projects, suitable equipment and materials are assigned by customers according to contractual requirements. Therefore, suppliers differ with the items purchased for each project and their specifications. However, as the quality of important construction materials, such as pipe fitting, affects the stability and safety of an automation supply system, we adopt the strategy of long-term cooperation with two to three outstanding pipe fitting suppliers. As for customized equipment R&D and manufacturing, supply and quality of materials are normal and steady without any supply shortage or interruption.

(D) Name of customer with over ten percent of total purchase (sales) in one year for the previous two years and its amount and ratio of purchase (sales), explain the reason for the variation

1. Information of customer with over ten percent of total sales (service) in one year for the previous two years:

Unit: thousand NTD; %

	2013				2014			
Item	Name	Amount	Net ratio of annual sales (%)	Relationship with issuer	Name	Amount	Net ratio of annual sales (%)	Relationship with issuer
1	Customer A	3,797,583	27.04	Non-related	Customer A	2,980,983	19.92	Non-related
	Other	10,244,691	72.96		Other	11,984,416	80.08	
	Net sales	14,042,274	100.00		Net sales	14,965,399	100.00	

Note 1: The names of customers with over ten percent of total sales for the previous two years and their amount and ratio of sales are listed, but if the contract forbids disclosure of customer names or whether the counterparties are individuals and non-related parties, codes may be used. The above net sales refer to the net revenue from goods sold and service rendered.

Note 2: The above information is revealed in the CPA certified consolidated financial reports for 2013 and 2014.

Variation analysis:

We act as an agent for multiple critical materials and equipment required by semiconductor and photoelectric businesses, and we collaborate with OEM in developing related equipment modules. Our steady goods supply and elevated added values, such as technical support, have won the trust of customers. As we have years of technical and managerial experience as well as outstanding construction performance, our expert system integration construction services for automation gas and chemical supply system and plant affiars control system are highly praised by our customers. As for related equipment module development through collaboration with OEM, our steady goods supply and elevated added values, such as technical support, have won the trust of customers. We have built solid and close suplly value chain system with customers, thus in the recent two years and as of Q1 of 2015, our sales and service targets are quite steady without any variation or abnormality.

2. Information of major purchasing customer with over ten percent of total purchase in one year for the previous two years

No purchase by firm or outsourcing has exceeded 10% of total purchase (outsourcing) in one year for the previous two years.

(E) Yield and output value for the recent two years

Unit: thousand NTD

Major merchandise (dept.) / Yield & output value / Year	2013			2014		
	Capa city	Yield	Output value	Capa city	Yield	Output value
Sales and service of high-tech equipment and materials	Note	Note	3,765,803	Note	Note	3,494,559
Automation supply system			3,541,870			2,596,118
Total Facility Engineering Turnkey Project			3,000,501			4,385,986
R&D and manufacturing of customized equipment			2,190,547			2,729,671
Total			12,498,721			13,206,334

Note 1: We supply materials and equipment required by semiconductor and photoelectric businesses, and we provide construction contracting service of automation supply system and total integration system. Application of these materials and equipment extends to high-tech industries, such as semiconductor, photoelectrics and solar energy, thus there are numerous types of products and no uniform unit for quantity statistics. The plant construction projects we contract are created based on owners' requirements, thus the nature of each project is different and each project has its own uniqueness. As the production and marketing output values cannot be calculated, the statistics are gathered according to product or service category.

Note 2: The above information is revealed in the CPA certified consolidated financial reports for 2013 and 2014.

Variation analysis:

We benefited from the revival of global economy in 2014, and the demand increased for orders placed by customers from semiconductor, photoelectricity and biotech pharmacy industries, thus the consolidated revenue for 2014 is higher than 2013 and the output value also increased accordingly.

(F) Sales volume for the recent two years

Unit: thousand NTD

Major merchandise (dept.) / Sales volume / Year	2013			2014		
	Region			Region		
	Taiwan	China	Other	Taiwan	China	Other
Sales and service for hi-tech equipment and materials	2,098,596	2,276,486	101,337	2.219.416	1,991,921	51,968
Automation supply system	3,344,933	362,047	143,015	2,279,994	466,092	101,817
Total Facility Engineering Turnkey Project	1,919,961	1,190,951	21,716	3,123,964	1,370,208	96,315
R&D and manufacturing of customized equipment	311,562	593,946	1,677,724	652,072	571,452	2,040,180
Total	7,675,052	4,423,430	1,943,792	8,275,446	4,399,673	2,290,280

Note 1: We supply materials and equipment required by semiconductor and photoelectric businesses, and we provide construction contracting service of automation supply system and total integration system. Application of these materials and equipment extends to high-tech industries, such as semiconductor, photoelectrics and solar energy, thus there are numerous types of products and no uniform unit for quantity statistics. The plant construction projects we contract are created based on owners' requirements, thus the nature of each project is different and each project has its own uniqueness. As the production and marketing output values cannot be calculated, the statistics are gathered according to product or service category.

Note 2: The above information is revealed in the CPA certified consolidated financial reports for 2013 and 2014.

Variation analysis:

For the recent two years, our major sales service regions are Taiwan and China. The variations in the sales volume for these two years are analyzed. As we benefited from the revival of global economy, and the demand increased for orders placed by customers from semiconductor, photoelectricity and biotech pharmacy industries, thus the consolidated revenue for 2014 is higher than 2013.

III. Human Resources

The employee profile for the recent two years and as of the printing date of annual reports is as follows:

Unit: person(s); %

Item/Year		2013	2014	As of March 31, 2015
Number of employees	Direct worker	667	722	736
	Indirect worker	823	799	803
	Total	1,490	1,521	1,539
Average age		31.87	35.22	35.8
Average years of service		5.91	6.68	6.72
Education distribution ratio (%)	Doctor	0.48	0.26	0.32
	Master	10.70	10.85	11.05
	University	42.30	41.95	42.24
	Junior college	30.03	29.85	29.63
	Other	16.49	17.09	16.76

IV. Environmental Protection Expenditure

For the previous year and as of the printing date of annual reports, provide the total amount of losses (including damages) and penalties due to environmental pollution, and dexcribe future countermeasures (including improvement measures) and possible expenses (including estimated amounts of losses, penalties and damages that may occur if the countermeasures are not adopted; for those that cannot be reasonably estimated, explain the reason): None.

The business we operate does not cause any pollution. When semiconductor process consumable materials, such as chemical-mechanical polishing liquid, have to be discarded due to uncontrolled temperature or humidity or expiration, or when raw materials have to be discarded during production process, they are removed and transported by expert waste treatment firms as regulated. All air, water, waste, toxin and noise levels are qualified through inspection by local government authorities. Plant affairs and process sytem planning and integration services refer to hi-tech industrial facility design, planning, construction and installation. The construction process does not generate pollutants such as waste water or waste gas. Regarding machine to be self designed and assembled as required by customer, because the assemlying is carried out in a clean room, thus it does not generate pollutants such as waste water or waste gas. In addition, the wastes generated from production or assembly are divided and bagged by categories in accordance with government regulations and owner norms before they are handed over to qualified expert waste treatment firms. Furthermore, our products do not involve regulations of EU Environmental Directive (RoHS), thus we are not affected by RoHS. There is no environmental pollution involved in our business.

V. Labor Relations

(A) List each employee benefit practice, continuing education, training, retirement system and their implementation, as well as labor-capital agreements and each employee rights maintenance measure

1. Employee benefit practices

To promote labor harmony, bring together unity amongst employees and take care of employee benefits, we provided not only the social insurance regulated by local governments but also employee's group insurance and physical examination. We have setup nursery rooms, reading spaces and dormitories in part of the office areas, as well as provide shuttle buses, for our employees. Our Employee Benefit Committee or personnel administrative unit is responsible for promoting employee benefit practices, such as incentive tour, group seminar, outdoors activity and year-end party, and providing assistance in communicating labor-capital opinions.

2. Employee continuing education

To cope with the industrial environment and technology development that are changing rapidly, we provide employee funds every year for subsidizing employees' learning to create employees with competitiveness and potential, allowing employees to elaborate learning results, apply new knowledge and develop creations, and acquiring rich profits.

3. Employee training

To enhance employee literacy and working skills, as well as strengthen work efficiency and quality, we established the "Regulations for Guidance for New Employees", the "Regulations for Educational Training Expense Write-off and Language Subsidy Management" and the "Procedure for Human Resource Control"; guidance and educational training are imiplemented once new employees report to work. Industrial safety training is held regularly to maintain work safety. We have planned annual educational training programs for implementing general training and expert training for employees of all levels and functions to train excellent professional talents and further enhance operational performance as well as effectively develop and use human resources.

4. Retirement system and its implementation

(1) Employees of the Company and its domestic subsidiaries who choose the old labor pension system

Retirement includes voluntary retirement and compulsory retirement. An employee who has served the Company for 25 years or is 55 years old and has worked for over 15 years or is over 60 years old may apply for voluntary retirement. An employee who is over 65 years old or is not qualified for the job due to state of insanity or physically disabled must be compelled to retire. Pension payment and calculation shall be handled in accordance with the regulations of the Labor Standards Act.

(2) Employees of the Company and its domestic subsidiaries who choose the new labor pension system

① For an employee who chooses the new system, 6% of his/her wage will be allocated monthly to a personal account at the Bureau of Labor Insurance in accordance with the labor pension. For voluntary allocation, the wage withheld will be remitted to a personal account at the Bureau of Labor Insurance in accordance with the voluntary allocation rate.

② Monthly retirement payment: according to the annuity table, the amount calculated using bases of life expectancy and interests for an employee’s personal pension account and accumulated gains is the retirement payment paid regularly.

③ Lump-sum retirement payment: collect the capital of the employee personal pension account and accumulated gains all at once. The abovementioned annuity table, life expectancy, interest and amount calculation shall be establied by the Bureau of Labar Insurance and filed to the central competent authority for approval.

④ An employee who is over 60 years old and has worked for over 15 years may apply for monthly retirement payment. But an employee who has not worked for over 15 years shall apply for lump-sum retirement payment.

(3) In accordance with the Labor Act of the People’s Republic of China, a certain ratio of the wage of an employee working at a subsidiary in China is allocated monthly as endowment insurance funds. Part of the amount allocated will be designated as social funds for management and usage by the government; the rest will be remitted to the employee’s personal account to ensure his/her basic living requirements in old age and provide stable and reliable living sources.

(4) Other subsidiaries conform to related regulations of the Labor Act established by the local government, and allocate an amount of certain ratio for retirement payment according to the wage cap to ensure his/her living rights in old age.

5. Labor-capital agreements and employee rights maintenance measures

We see labor and capital as one, and handle industrial relations in accordance with the operational principles of co-existence and co-prosperity, thus we value the opinions of employees. Employees may communicate living or work related problems through our formal or informal channels. Through the opportunity for two-way communication, the Company and employees can further understand and recognize each other, gather common consensus and achieve together excellent performance.

(1) Industrial coordination mechanism:

Establish unions or industrial meetings in accordance with regulations stipulated by local governments for two-way communication between the Company and employees regarding issues such as government orders, working environment and safety and health, as well as for strengthening a mutual trusting relation between each other.

(2) Beneficial activities:

We have an Employee Benefit Committee, of which members are warm-hearted workers good at communication. They are designated by employees and elected through public and fair election, thus they can provide complete insights on behalf of employees toward the Company's banefit measures during committee meetings and achieve full communication and consensus. In addition, to advocate recreational activities, we hold on irregular basis tours and sports competitions. We also encourage employees to organize different clubs to enhance communication through cross-departmental organizations and harmonized atmosphere.

(3) Physical examination:

To maintain employees' health, we implement physical examination every year at the Company's cost. Special physical examination is implemented every year for employees engaged in special operations.

(4) Group insurance:

In addition to the basic security of social insurance, we have planned group insurance to provide injury and illness treatment for compensating insufficiencies in the basic security of social insurance. Travel accident insurance is provided for employees on business trip abroad, of which the premium is paid fully by the Company.

(B) For the recent year and as of the printing date of annual reports, list the losses incurred by industrial conflicts, and disclose estimated amounts and responsive measures for losses that may occur now or in the future; if a loss cannot be estimated reasonably, state the reason

We have always valued employee benefits and our industrial relations are harmonious, thus no industrial disputes were encountered. We will continue to follow our principles in the future for industrial relations to be more stable and harmonized and achieve mutual benefits.

VI. Important Contracts

Listed below are significant agreements that are still effective as of the printing date of annualreports and due in the recent year:

Nature	Contracting party	Commencement date and termination date	Mainn contents	Restriction terms
Agency agreement	Cyantek Corporation, USA	From 1992.03.27; automatically extended annually if not terminated in writing by either party forty-five days in advance	Distribution rights to chemicals such as semiconductor photoresist liquid	For use in Taiwan
Agency agreement	Hitachi Kokusai, Japan	From 2003.10.01; automatically extended annually unless wishes to terminate the agreement and proposes termination thirty days in advance	Distribution rights to furnace	For use in Taiwan, China
Agency agreement	IHI Corporation, Japan	From 2000.09.01; automatically extended annually if not terminated in writing by either party six months in advance	Maintenance and distributions rights to main equipment for panel production process	For use in Taiwan, China
Agency agreement	K C Tech Co., Ltd., Korea	From 2006.10.31; automatically extended annually if not terminated in writing by either party sixty days in advance	Cleaning equipment for LCD industrial wet production	For use in Taiwan, China
Agency agreement	Lasertec Corporation, Japan	From 2004.06.30; automatically extended annually if not terminated in writing by either party three months in advance	Maintenance and distributions rights to color filter tester and laser microscope	For use in Taiwan, China, Hong Kong, Malaysia
Agency agreement	Lapmaster SFT Corporation, Japan	From 2001.05.08; automatically extended annually if not terminated in writing by either party sixty days in advance	Distribution rights to polishing and measuring related equipment for semiconductor production process	For use in China
Agency agreement	TEX E. G . Co., Ltd. , Japan	From 2003.12.01; automatically extended for two years every two years if not terminated by either party in writing two months in advance	Distribution rights to robotic arm	For use in Taiwan (AIPC)
Agency agreement	Rippey Corporation, USA	From 2002.02.02; automatically extended annually if not terminated in writing by either party ninety days in advance	Distribution rights to polishing brush for semiconductor production process	For use in China
Agency agreement	Symco Corp. (Ryoka), Japan	From 2004.03.17; effective for two years; automatically extended annually if no termination notification is proposed one month in advance	Distribution rights to photo tester	For use in Taiwan, China
Agency agreement	SFA Engineering Corp., Korea	From 2004.06.03; effective for one year; automatically extended for one year if no termination notification is proposed by either party ninety days in advance	Distribution rights to polarizer, remover, recycling machine, cleaning system and FA system	For use in Taiwan (AUO, CMO, Innolux), China
Agency agreement	Top Engineering Co., Ltd. , Korea	From 2006.02.28; effective for one year; automatically extended for one year if no termination notification is proposed by either party sixty days in advance	Distribution rights to ODF machine	For use in Taiwan (AUO, CMO, Innolux), China (Innocom)
Agency agreement	Integrated Process Systems, Ltd. , Korea	From 2008.10.15 to 2009.10.15; effective for one year; automatically extended annualy if no termination notification is proposed by either party sixty days in advance	Distribution rights to dry etching equipment	For use in Taiwan (CMO, Toppoly, CPT&Hannstar), China (SVA, Tianma, IVO, BOE&IRICO)
Agency agreement	Spiro Technology Systems, Inc. , USA	From 2011.09.01 to 2012.08.31; effective for one year; automatically extended annualy if no termination notification is proposed by	Distribution rights to BizShaker Family of products	None

Nature	Contracting party	Commencement date and termination date	Mainn contents	Restriction terms
		either party ninety days in advance		
Agency agreement	QlikTech International Markets AB, Sweden	From 2014.09.01 to 2015.08.31; effective for one year	Distribution rights to Software Called Qlikview	For use in Taiwan
Agency agreement	Shinhan Diamond Industrial Co., Ltd. , Korea	From 2014.11.19 to 2015.11.18; effectiveforone year	Distribution rights to diamond tools	For use in China
Agency agreement	Cabot Miroelectronics Corporation, USA	From 2015.03.31 to 2017.03.31; effective for two years	Distribution rights to microelectronic materials	For use in China
Agency agreement	Coring Tropel, USA	From 2006.06.12; automatically extendedupon expiration if there are no objections	Distribution rights to inspection equipment	For use in Taiwan, China
Agency agreement	Jordan Valley, Israel	From 2006.06.12; automatically extendedupon expiration if there are no objections	Sales, installation and service of inspection equipment	For use in Taiwan, China

VI. Financial Information

1.Condensed Balance Sheets and Statements of Comprehensive Income for the past 5 fiscal years, and the name of the Certified Public Accountant and the Auditors Opinion given thereby

(1)Consolidated Financial Information – Based on IFRS

① Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousands

Item		Financial Summary for The Last Five Years (Note1)					As of March 31,2015 Financial Information (Note2)
		2010	2011	2012	2013	2014	
Current assets				7,121,815	8,007,542	9,793,274	9,250,305
Property, Plant and Equipment (note 2)				1,406,916	1,519,952	1,461,476	1,466,396
Intangible assets				15,156	38,251	32,781	27,773
Other assets (note 2)				475,612	520,692	488,029	579,748
Total assets				9,019,499	10,086,437	11,775,560	11,324,222
Current liabilities	Before distribution			4,845,661	5,795,555	7,231,258	6,791,411
	After distribution	Not applicable	Not applicable	5,010,239	5,977,117	7,561,398 (Note6)	6,791,411 (Note6)
Non-current liabilities				178,650	168,040	164,750	154,449
Total liabilities	Before distribution			5,024,311	5,963,595	7,396,008	6,945,860
	After distribution	Not applicable	Not applicable	5,188,889	6,145,157	7,726,148 (Note6)	6,945,860 (Note6)
Equity attributable to shareholders of the parent				3,984,176	4,119,298	4,375,458	4,374,743
Capital stock				1,645,778	1,650,568	1,650,698	1,650,698
Capital surplus		Not applicable	Not applicable	613,177	616,276	616,354	616,354
Retained earnings	Before distribution			1,761,007	1,840,239	2,050,443	2,065,899
	After distribution			1,596,429	1,658,677	1,720,303 (Note6)	2,065,899 (Note6)
Other equity interest				(35,786)	12,215	57,963	41,792
Treasury stock				0	0	0	0
Non-controlling interest				11,012	3,544	4,094	3,619
Total equity	Before distribution			3,995,188	4,122,842	4,379,552	4,378,362
	After distribution			3,830,610	3,941,280	4,049,412 (Note6)	4,378,362 (Note6)

Notes:

1. That very year's financial statements non-certified by an accountant should be stated. The above-mentioned financial statements of various years of this Compnay have all been checked and verified by an accountant.
2. That very year holding the asset-revauation should state the date and the amount of the added-revaluations. This Company hasen't held asset-revaluation in the above-mentioned years.
3. The Company whose share listed or transactioned in the business addresses should state whether the financial data, till the season ahead of the yearly report published, have been or not checked and certified by an accountant.
4. The above-menitoed figures after distribution, please write-in with regards to the Resolutions of General Meeting of Share Holders next year.
5. The financial data that should be self-corrected or reorganized, informed by the ruling authorities, should list the revised or reorganized figures and explain the condition and reasons.
6. This Company, beginning from 2013, has applied to the "International Financial Reporting Standards" as the above-menitoned Financial Statements Applicable to the International Financial Reporting Standards.

② Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT$ thousands
（Except Earnings Per Share using NT$.）

Item \ Year	Financial Summary for The Last Five Years (Note1)					As of March 31,2015 Financial Information (Note2)
	2010	2011	2012	2013	2014	
Operating revenue			10,536,388	14,042,274	14,965,399	3,695,656
Gross profit			1,293,857	1,543,553	1,759,065	403,546
Operating Income			(7,931)	252,330	504,299	59,523
Non-operating Income/expense			156,061	27,889	36,114	(37,131)
Earnings before tax			148,130	280,219	468,185	22,392
Net income from continuing operations	Not applicable	Not applicable	114,484	218,815	384,519	15,020
Loss from discontinued operations(Note3)			0	0	0	0
Net income (loss)			114,484	218,815	384,519	15,020
Other comprehensive income (net after tax)	Not applicable	Not applicable	(180,706)	69,767	53,560	(16,210)
Current comprehensive income/loss			(66,222)	288,582	438,079	(1,190)
Net earnings attributable to owners of the parent			125,622	222,615	384,545	15,456
Net earnings attributable to non-controlling interest	Not applicable	Not applicable	(11,138)	(3,800)	(26)	(436)

Item \ Year	2010	2011	2012	2013	2014	As of March 31,2015 Financial Information (Note2)
	Financial Summary for The Last Five Years (Note1)					
Comprehensive income/loss attributable to owners of the parent			(54,434)	292,058	437,984	(715)
Comprehensive income/loss attributable to non-controlling interest			(11,788)	(3,476)	95	(475)
Earnings per share (in dollars) Basic earnings per share－current(Note5)			0.76	1.35	2.33	0.09
Earnings per share (in dollars) Diluted earnings per share－current(Note5)			0.75	1.34	2.30	0.09
Earnings per share (in dollars) Adjusted Diluted Earnings per Share(Note6)			0.75	1.34	2.30	0.09

Notes:

1. That very year's financial statements non-certified by an accountant should be stated. The above-mentioned financial statements of various years of this Compnay have all been checked and verified by an accountant.
2. That very year holding the asset-revauation should state the date and the amount of the added-revaluations. This Company hasen't held asset-revaluation in the above-mentioned years.
3. The amounts of Revenue/loss from Discintinued Operation Departments, Extraordinary Revenue/loss and the Cumulative Effect of Changes in
4. Accounting Principles state the net amount after deducting the income tax.
5. Calculated by the current weighted average outstanging shares.

The Earnings should be calculated on the basis of the increased shares caused by therecent years' retroactive adjustment of earning per share.

(2) Separate Financial Information – Based on IFRS

①Separate Condensed Balance Sheet – Based on IFRS

Unit: NT$ thousands

Item \ Year		2010	2011	2012	2013	2014
		Financial Summary for The Last Five Years (Note1)				
Current assets				4,459,359	4,548,885	6,068,094
Property, Plant and Equipment (note 2)				1,093,825	1,213,528	1,168,848
Intangible assets				10,594	11,097	14,469
Other assets (note 2)				1,754,474	1,817,484	1,946,783
Total assets		Not applicable	Not applicable	7,318,252	7,590,994	9,198,194
Current liabilities	Before distribution			3,156,296	3,304,341	4,658,617
Current liabilities	After distribution			3,320,874	3,485,903	4,988,757 (Note6)

Item \ Year	Financial Summary for The Last Five Years (Note1)				
	2010	2011	2012	2013	2014
Non-current liabilities	Not applicable	Not applicable	177,780	167,355	164,119
Non-current liabilities — Before distribution			3,334,076	3,471,696	4,822,736
Non-current liabilities — After distribution			3,498,654	3,653,258	5,152,876 (Note6)
Capital stock	Not applicable	Not applicable	1,645,778	1,650,568	1,650,698
Capital surplus			613,177	616,276	616,354
Retained earnings — Before distribution			1,761,007	1,840,239	2,050,443
Retained earnings — After distribution			1,596,429	1,658,677	1,720,303 (Note6)
Other equity interest			(35,786)	12,215	57,963
Total equity — Before distribution			3,984,176	4,119,298	4,375,458
Total equity — After distribution			3,819,598	3,937,736	4,045,318 (Note6)

Notes:

1. That very year's financial statements non-certified by an accountant should be stated. The above-mentioned financial statements of various years of this Compnay have all been checked and verified by an accountant.
2. That very year holding the asset-revauation should state the date and the amount of the added-revaluations. This Company hasen't held asset-revaluation in the above-mentioned years.
3. The Company whose share listed or transactioned in the business addresses should state whether the financial data, till the season ahead of the yearly report published, have been or not checked and certified by an accountant.
4. The above-menitoed figures after distribution, please write-in with regards to the Resolutions of General Meeting of Share Holders next year.
5. The financial data that should be self-corrected or reorganized, informed by the ruling authorities, should list the revised or reorganized figures and explain the condition and reasons.
6. This Company, beginning from 2013, has applied to the "International Financial Reporting Standards" as the above-menitoned Financial Statements Applicable to the International Financial Reporting Standards.

②Separate Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT$ thousands
(Except Earnings Per Share using NT$.)

Item \ Year	Financial Summary for The Last Five Years (Note1)				
	2010	2011	2012	2013	2014
Operating revenue			7,056,873	9,518,958	10,432,963
Gross profit			838,948	1,109,391	1,288,867

Item \ Year		Financial Summary for The Last Five Years (Note1)				
		2010	2011	2012	2013	2014
Operating Income				6,333	324,160	520,967
Non-operating Income/expense		Not applicable	Not applicable	150,281	(43,368)	(56,129)
Earnings before tax				156,614	280,792	464,838
Net income from continuing operations				125,622	222,615	384,545
Loss from discontinued operations(Note3)		Not applicable	Not applicable	0	0	0
Net income (loss)				125,622	222,615	384,545
Other comprehensive income (net after tax)				(180,056)	69,443	53,439
Current comprehensive income/loss		Not applicable	Not applicable	(54,434)	292,058	437,984
Earnings per share (in dollars)	Basic earnings per share－current(Note5)			0.76	1.35	2.33
	Diluted earnings per share－current(Note5)			0.75	1.34	2.30
	Adjusted Diluted Earnings per Share(Note6)			0.75	1.34	2.30

Notes:

1. stated. The above-mentioned financial statements of various years of this Compnay have all been checked and verified by an accountant.
2. That very year holding the asset-revauation should state the date and the amount of the added-revaluations. This Company hasen't held asset-revaluation in the above-mentioned years.
3. The Company whose share listed or transactioned in the business addresses should state whether the financial data, till the season ahead of the yearly report published, have been or not checked and certified by an accountant.
4. The above-menitoed figures after distribution, please write-in with regards to the Resolutions of General Meeting of Share Holders next year.
5. The financial data that should be self-corrected or reorganized, informed by the ruling authorities, should list the revised or reorganized figures and explain the condition and reasons.
6. This Company, beginning from 2013, has applied to the "International Financial Reporting Standards" as the above-menitoned Financial Statements Applicable to the International Financial Reporting Standards.

(3)Consolidated Financial Information – Based on ROC GAAP

① Consolidated Condensed Balance Sheet – Based on ROC GAAP

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years				
		2010	2011	2012	2013	2014
Current assets		8,323,093	8,211,940	7,263,470		
Property, Plant and Equipment		117,968	251,338	368,651		
Intangible assets		1,432,171	1,462,907	1,406,916		
Intangible assets and Other assets		60,669	44,821	45,789		
Total assets		9,933,901	9,971,006	9,084,826		
Current liabilities	Before distribution	5,492,807	5,635,491	4,955,827		
	After distribution	5,654,551	5,799,399	5,120,405	Not applicable	Not applicable
Long-term liabilities		288,648	107,622	6,235		
Other liabilities		73,371	59,111	53,080		
Total liabilities	Before distribution	5,854,826	5,802,224	5,015,142	Not applicable	Not applicable
	After distribution	6,016,570	5,966,132	5,179,720		
Capital stock		1,617,438	1,639,078	1,645,778		
Capital surplus		596,267	611,410	615,790	Not applicable	Not applicable
Retained earnings	Before distribution	1,421,166	1,643,510	1,739,008		
	After distribution	1,259,422	1,479,602	1,574,430		
Unrealized gain or loss on financial instruments		395,682	131,160	5,008		
Cumulative translation adjustments		19,611	92,239	52,868		
Net loss unrecognized as pension cost		0	0	0		
Tresury stock		0	0	0		
Miniority Interests		28,911	51,385	11,232		
Total equity	Before distribution	4,079,075	4,168,782	4,069,684		
	After distribution	3,917,331	4,004,874	3,905,106		

Notes:

1.That very year's financial statements non-certified by an accountant should be stated. The above-mentioned financial statements of various years of this Compnay have all been checked and verified by an accountant.
2.That very year holding the asset-revauation should state the date and the amount of the added-revaluations. This Company hasen't held asset-revaluation in the above-mentioned years.
3.The Company whose share listed or transactioned in the business addresses should state whether the financial data, till the season ahead of the yearly report published, have been or not checked and certified by an accountant.
4.The above-menitoed figures after distribution, please write-in with regards to the Resolutions of General Meeting of Share Holders next year.

5.The financial data that should be self-corrected or reorganized, informed by the ruling authorities, should list the revised or reorganized figures and explain the condition and reasons.
6.This Company, beginning from 2013, has applied to the “International Financial Reporting Standards” as the above-menitoned Financial Statements Applicable to the International Financial Reporting Standards.

② Consolidated Condensed Statement of Income – Based on ROC GAAP

Unit: NT$ thousands

（Except Earnings Per Share using NT$.）

Year / Item		Financial Summary for The Last Five Years				
		2010	2011	2012	2013	2014
Operating revenue		11,423,922	14,132,188	11,644,490		
Gross profit		1,223,043	1,362,717	1,461,959		
Income from operations		134,591	139,650	158,316		
Non-operating income		142,535	323,322	226,111		
Non-operating expenses		106,797	36,094	73,600	Not applicable	Not applicable
Income before tax		170,329	426,878	310,827		
Income from operations of continued segments - after tax		135,979	372,636	249,269		
Income from discontinued operations (Note:3)		0	0	0	Not applicable	Not applicable
Extraordinary gain or loss (Note:3)		0	0	0		
Cumulative effect of accounting principle changes (Note:3)		0	0	0		
Net income		135,979	372,636	249,269	Not applicable	Not applicable
Net income (loss) attributable to shareholders of parent		142,991	384,088	259,406		
Net income (loss) attributable to non controlling interests		(7,012)	(11,452)	(10,137)		
Earning per Share (NT$)	Basic Earning per Share-Current (Note: 5)	0.88	2.35	1.58		
	Diluted Earning perShare-Current (Note: 5)	0.88	2.35	1.56		
	Retrospectively adjusted Earnings per share (Note: 6)	0.88	2.35	1.56		

Notes:

1. That very year’s financial statements non-certified by an accountant should be stated. The above-mentioned financial statements of various years of this Compnay have all been checked and verified by an accountant.
2. That very year holding the asset-revauation should state the date and the amount of the added-revaluations. This Company hasen’t held asset-revaluation in the above-mentioned years.
3. The amounts of Revenue/loss from Discintinued Operation Departments, Extraordinary Revenue/loss and the Cumulative Effect of Changes in

4. Accounting Principles state the net amount after deducting the income tax.
5. Calculated bythe current weighted average outstanging shares.
6. The Earnings should be calculated on the basis of the increased shares caused by therecent years' retroactive adjustment of earning per share.
7. This Company, beginning from 2013, has applied to the "International Financial Reporting Standards" as the above-menitoned Financial Statements Applicable to the International Financial Reporting Standards.

(4) Separate Financial Information – Based on ROC GAAP

① Condensed Balance Sheet – Based on ROC GAAP

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years（Note: 1）				
		2010	2011	2012	2013	2014
Current assets		6,156,857	5,337,219	4,534,201		
Funds & Long-term investments		1,354,609	1,509,274	1,638,482		
Fixed assets (Note: 2)		1,060,137	1,071,879	1,093,825		
Intangible assets and Other assets		39,796	22,696	20,544		
Total assets		8,611,399	7,941,068	7,296,052	Not applicable	Not applicable
Current liabilities	Before distribution	4,208,751	3,655,567	3,179,155		
	After distribution	4,370,495	3,819,475	3,343,733		
Long-term liabilities		280,000	100,000	0		
Other liabilities		72,484	68,104	58,445	Not applicable	Not applicable
Total liabilities	Before distribution	4,561,235	3,823,671	3,237,600		
	After distribution	4,722,979	3,987,579	3,402,178		
Capital stock		1,617,438	1,639,078	1,645,778		
Capital surplus		596,267	611,410	615,790	Not applicable	Not applicable
Retained earnings	Before distribution	1,421,166	1,643,510	1,739,008		
	After distribution	1,259,422	1,479,602	1,574,430		
Unrealized gain or loss on financial instruments		395,682	131,160	5,008		
Cumulative translation adjustments		19,611	92,239	52,868		
Net loss unrecognized as pension cost		0	0	0		
Tresury stock		0	0	0		
Total equity	Before distribution	4,050,164	4,117,397	4,058,452		
	After distribution	3,888,420	3,953,489	3,893,874		

Notes:

1. That very year's financial statements non-certified by an accountant should be stated. The above-mentioned financial statements of various years of this Compnay have all been checked and verified by an accountant.

2. That very year holding the asset-revauation should state the date and the amount of the added-revaluations. This Company hasen't held asset-revaluation in the above-mentioned years.
3. The Company whose share listed or transactioned in the business addresses should state whether the financial data, till the season ahead of the yearly report published, have been or not checked and certified by an accountant.
4. The above-menitoed figures after distribution, please write-in with regards to the Resolutions of General Meeting of Share Holders next year.
5. The financial data that should be self-corrected or reorganized, informed by the ruling authorities, should list the revised or reorganized figures and explain the condition and reasons.
6. This Company, beginning from 2013, has applied to the "International Financial Reporting Standards" as the above-menitoned Financial Statements Applicable to the International Financial Reporting Standards.

② Condensed Statement of Income－Based on ROC GAAP

Unit: NT$ thousands

（Except Earnings Per Share using NT$.）

Year / Item		Financial Summary for The Last Five Years（Note: 1）				
		2010	2011	2012	2013	2014
Operating revenue		8,237,938	10,802,376	8,153,149		
Gross profit		954,374	1,067,956	989,864		
Income from operations		161,102	224,242	156,494	Not Applicable	Not Applicable
Non-operating income		130,140	338,516	212,290		
Non-operating expenses		116,756	125,480	50,474		
Income before tax		174,486	437,278	318,310	Not Applicable	Not applicable
Income from operations of continued segments - after tax		142,991	384,088	259,406		
Income from discontinued operations (Note:3)		0	0	0		
Extraordinary gain or loss (Note:3)		0	0	0	Not Applicable	Not Applicable
Cumulative effect of accounting principles changes (Note:3)		0	0	0		
Net income		142,991	384,088	259,406		
Earning per Share (NT$)	Basic Earning per Share-Current (Note: 5)	0.88	2.35	1.58		
	Diluted Earning per Share-Current (Note: 5)	0.88	2.32	1.56		
	Retrospectively Adjusted Earning Per share (Note: 6)	0.88	2.32	1.56		

Notes:

1. That very year's financial statements non-certified by an accountant should be stated. The above-mentioned financial statements of various years of this

Compnay have all been checked and verified by an accountant.

2. That very year holding the asset-revauation should state the date and the amount of the added-revaluations. This Company hasen’t held asset-revaluation in the above-mentioned years.
3. The amounts of Revenue/loss from Discintinued Operation Departments, Extraordinary Revenue/loss and the Cumulative Effect of Changes in
4. Accounting Principles state the net amount after deducting the income tax.
5. Calculated bythe current weighted average outstanging shares.
6. The Earnings should be calculated on the basis of the increased shares caused by therecent years’ retroactive adjustment of earning per share.
7. This Company, beginning from 2013, has applied to the “International Financial Reporting Standards” as the above-menitoned Financial Statements Applicable to the International Financial Reporting Standards.

(三) The uniformed comparison items affecting the current financial report, such as accounting changes, corporate combinations or the discontinuation of business departments: None

(四) The names and the certiyfing remarks made by the accountatns of the laterst five years:

Years	Accounting Firms	Names of accounts	Certifying remarks
99	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao & Han C. Wu	Unqualified
100	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao & Shu-rong Wong	Unqualified
101	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao & Shu-rong Wong	Unqualified
102	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao & Shu-rong Wong	Unqualified
103	PricewaterhouseCoopers Taiwan	Lin, Chun-Yao & Chang, Shu-Chiung	Unqualified

Notes: Due to the internal reorganization of the firm, the certifying accountants of the 100 fiscal year were Kebin Lin and Shu-rong Wong, while the 103 fiscal year were Kebin Lin and Shu-chiung Chang.

2、Financial Analysis in the past 5 fiscal years

(a) Below data is analyzed based on IFRS

1. Consolidated Capital Structure Analysis－IFRS

Year / Items（Note4）		Capital Structure Analysis for 2010-2014（Note1）					As of 2015/3/31 (Note 2)
		2010	2011	2012	2013	2014	
Capital structure analysis (%)	Debts Ratio			55.70	59.12	62.81	61.34
	Long Term Funds to Fixed Assets			296.67	282.30	310.94	309.11
Liquidity	Current Ratio			146.97	138.17	135.43	136.21

analysis (%)	Quick Ratio			108.94	99.99	101.87	95.89
	Interest Guarantee (times)			7.88	12.58	16.47	3.97
Operating performance analysis	Average Collection Turnover (times)			3.14	4.72	4.60	4.50
	Average Collection Days			116	77	79	81
	Average Inventory Turnover (times)			3.36	3.44	3.10	2.73
	Average Payables Turnover (times)			2.87	4.33	3.67	3.48
	Average Inventory Turnover Days			109	106	118	134
	Fixed Asset Turnover (times)			7.34	9.60	10.04	10.10
	Total Asset Turnover (times)			1.10	1.47	1.37	1.28
Return on investment analysis	Return on Total Asset (%)			1.39	2.50	3.75	0.74
	Return on Total Equity (%)			2.78	5.39	9.04	1.37
	Pre-tax Profit to Capital Stocks (%)(Note 8)			(0.48)	15.29	28.36	5.43
	Net Income to Sales(%)			1.09	1.56	2.57	0.41
	Earnings per Share(NT) (Note 3)			0.76	1.35	2.33	0.09
Cash flow analysis	Cash Flow Ratio(%)			5.68	(3.97)	7.85	(6.35)
	Cash Flow Adequacy Ratio (%) (Note 6)			128.25	84.48	56.44	7.70
	Cash Flow Reinvestment Ratio (%)			2.07	(7.16)	6.71	(7.49)
Leverage	Operating Leverage			(108.25)	4.36	2.62	4.86
	Financial Leverage			0.27	1.11	1.06	1.14

Note on variation in capital ratio in the previous two years (Not applicable if the variation is < 20%)

1.Liquidity Analysis：

(1)Increase in Interest Guarantee (times) ：Primarily due to an improved profitability in 2014; this allows the 2014 Interest Guarantee (times) to be higher than that of 2013.

2.Operating Performance Analysis：

(1)Increase in Return on Total Asset (ROA) & Return on Equity (ROE) ：Primarily due to an improved profitability in 2014. In addition, the amount of increment in profitability is far greater than that of the Average Total Asset & Average Equity; this allows a higher ROA & ROE in 2014.

(2)Increase in Pre-tax profit to capital stocks, Net income to sales and Earnings Per Share (EPS): Primarily due to an overall recovery of global economy. Boosted orders in sectors such as semi-conductors, optoelectronics and bio-tech allow an improved operating income & gross/net profits in 2014. The amount of increment in profitability exceeds that of contributed capital and shares outstanding. The result is a higher pre-tax profit to capital stocks, net income to sales and EPS in 2014.

Note on variation in capital ratio in the previous two years (Not applicable if the variation is < 20%) **- continued**

3.Cash Flow Analysis：

(1)Increase in Cash Flow Ratio：Increase in Net Cash Inflow from operating activities, with an increment that exceeds that of current liabilities. This allows a higher cash flow ratio in 2014.

(2)Decrease in Cash Adequacy Ratio: Decrease in Net Cash Inflow from operating activities for the past five years causes a lower cash adequacy ratio in 2014.

(3)Increase in Cash Flow Reinvestment Ratio: Increase in profitability & net cash inflow allows a higher Cash Flow Reinvestment Ratio.

4. Leverage Analysis：

(1) Decrease in leverage：Increase in the 2014 operating income allows a decrease in leverage.

＊Entity capital ratio analysis should be included if an entity report is filed

＊For any data adopts IFRS reporting standard for less than five years should file a separate report that adheres to local accounting principles.

Note 1：Special note should be added to those years that were not audited by a certified accountant. All financial data included in this report has completed the due audit process.

Note 2：Public companies should disclose up to the quarter of publication. Special note should be added to whether the data had been subject to audits. All financial data included in this report (as of 2015/3/31) has completed the due audit process

Note 3：Adjusted for diluted EPS

Note 4：The following formulas should be shown at the end of the report

1.Financial structure
(1)Debt ratio＝Total liabilities／Total Assets
(2)Ratio of long-term capital to fixed assets＝(Shareholders' equity + noncurrent liabilities) ／Net property, plant and equipment

2.Solvency
(1)Current ratio＝Current assets／Current liabilities
(2)Quick ratio＝(Current assets - inventories - prepaid expenses)／Current liabilities
(3)Interest earned ratio (times)＝Earnings before interest and taxes／Interest expenses

3.Operating performance
(1)Accounts receivable turnover (times) (includes accounts collectable & checks collectable)＝ Net sales／Average trade receivables (includes accounts collectable & checks collectable)
(2)Average collection period＝365／Accounts receivable turnover (times)
(3)Inventory turnover (times)＝Cost of goods sold ／Average inventory
(4)Accounts payable turnover (times) (includes accounts payable & checks payable)＝ Cost of goods sold／Average payable (includes accounts payable & checks payable)
(5)Average days in sales＝365／Inventory turnover (times)
(6)Fixed assets turnover (times)＝Net sales／Average net property, plant and equipment
(7)Total assets turnover (times)＝Net sales／Average total Asset

4.Profitability
(1)Return on total assets＝〔Net income＋interest expense×（１－effective tax rate）〕／ Average total asset
(2)Return on Stockholders' equity＝Net Income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent
(3)Profit ratio＝Net income／Net sales
(4)Earnings per share ＝(Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding (note 5)

5.Cash flow
(1)Cash flow ratio＝Net cash provided by operating activities / Current liabilities
(2)Cash flow adequacy ratio＝Five-year sum of cash from operations / Five-year sum of capital expenditures, iInventory additions, and cash dividend
(3)Cash reinvestment ratio＝(Cash provided by operating activities - cash dividends) / (Gross property, plant and equipment + Long-term Investments + Other Noncurrent Assets + working capital) (note6)

6.Leverage
(1)Operating leverage＝(Net sales - variable cost) / Income from operations (note 7)
(2)Financial leverage＝Income from operations / (Income from operations – Interest expenses)

Note 5：the above formulas should note the following:

1.weighted average number of common share, not outstanding number of shares
2.capital increase by cash or common stock buyback should be calculated average weighted number of shares
3.Annual or semiannual EPS should be calculated by capital increase ratio for those by profit or by additional paid in capital, regardless of the issuance period.
4. If preferred stocks are non-convertible and accumulative, dividend should always be deducted from net profit, or added to net loss, regardless of distribution. If the preferred stock is non-accumulative, the dividend should be deducted from net profit, if there is a loss, then no adjustment is required.

Note 6：Cash analysis should note the following:

1.net operating cash flow is net cash inflow in the cash flow statement
2.capital expenditure is the annual net cash outflow
3.increase in inventory is only added when EOP balance is greater than BOP balance. If the balance is negative, than the increase will be null.
4.cash dividend includes common stocks and preferred stocks
5.gross fixed asset has taken consideration of accumulative depreciation

Year 2013 and 2014 adopts IFRS. All other years' report adhere to the local accounting regulation.

Note 7：issuer should classify the operating costs & expenses as fixed and variable accordingly. Prudence, rationality and consistency should be exercised while items are subjected to view.

Note 8：Stocks with no face value or a face value that is not NTD 10 are included in group equity ratio

2. Entity Capital Structure Analysis－IFRS

Items（Note4） / Year		Capital Structure Analysis for 2010 - 2014（Note1）				
		2010	2011	2012	2013	2014
Financial structure (%)	Debts ratio			45.56	45.73	52.43
	Ratio of long-term capital to property, plant and equipment			380.50	353.24	388.38
Solvency (%)	Current ratio			141.28	137.66	130.26
	Quick ratio			103.16	96.58	98.92
	Interest earned ratio (times)			198.00	126.92	158.04
Operating performance	Accounts receivable turnover (times)			3.23	5.23	5.08
	Average collection period			113	70	72
	Inventory turnover (times)			2.99	2.88	2.95
	Accounts payable turnover (times)			2.83	4.19	3.43
	Average days in sales			122	127	124
	Property, plant and equipment turnover (times)			6.52	8.25	8.76
	Total assets turnover (times)			0.92	1.28	1.24
Profitability	Return on total assets (%)			1.64	3.01	4.61
	Return on stockholders' equity (%)			3.07	5.49	9.05
	Pre-tax income to paid-in capital (%) (Note 8)			9.52	17.01	28.16
	Profit ratio (%)			1.78	2.34	3.69
	Earnings per share (NT$) (Note 3)			0.76	1.35	2.33
Cash flow	Cash flow ratio (%)			15.55	4.80	13.55
	Cash flow adequacy ratio (%)(Note 6)			115.43	117.52	100.50
	Cash reinvestment ratio (%)			6.70	(0.12)	8.44
Leverage	Operating leverage			90.56	2.63	2.02
	Financial leverage			1.14	1.01	1.01

Note on variation in capital ratio in the previous two years (Not applicable if the variation is < 20%)

1.Solvency：

(1)Increase in Interest earned ratio (times) ：Primarily due to an improved profitability in 2014; this allows the 2014 Interest Guarantee (times) to be higher than that of 2013.

2.Operating Performance ：

(1)Increase in Return on total asset (ROA) & Return on stockholders' equity (ROE) ：Primarily due to an improved profitability in 2014. In addition, the amount of increment in profitability is far greater than that of the Average Total Asset & Average Equity; this allows a higher ROA & ROE in 2014.

(2)Increase in Pre-tax profit to capital stocks, Profit ratio and Earnings per share (EPS): Primarily due to an overall recovery of global economy. Boosted orders in sectors such as semi-conductors, optoelectronics and bio-tech allow an improved operating income & gross/net profits in 2014. The amount of increment in profitability exceeds that of contributed capital and shares outstanding. The result is a higher pre-tax profit to capital stocks, net income to sales and EPS in 2014.

Elaborate each financial ratio variation reason in the last two years. (No analysis needed if variation within 20%)

3. Cash Flows：

(1) Increase in cash flows ratio: Mainly due to net cash inflow from operating activities in 2014, and growth rate of it is lager than current liabilities, which leads to cash flows ratio in 2014 increases more than in 2013.

(2) Decrease in cash flow adequacy ratio: Mainly due to net cash inflow from operating activities decrese in last five years, which leads to cash flows adequacy ratio in 2014 decreases more than in 2013.

(3) Increase in cash reinvestment ratio: Mainly due to profit increase and net cash inflow from operating activities in 2014, which leads to cash flow in investment ratio in 2014 increases more than in 2013.

4. Leverage:

(1) Decrease in operating leverage: Mainly due to operating income increase in 2014, which leads to operating leverage in 2014 decreases than 2013.

＊Companies with its own financial statement shall prepare individual financial ratio analysis 。

＊Company who prepare financial reports under IFRSs, International Financial Reporting Standards less than five years shall prepare another financial report under Financial Accounting Standards, Taiwan.

Note 1: Company shall notify financial reports of which year are not being audited and certified by a certified public accountant. We've had our financial reports audited and certified by a certified public accountant within five years

Note 2: Public company or company which trades securities on over-the-counter markets shall have financial information by last season of annual report published date of the year incorporated into analysis.

Note 3: Number of shares increased annually due to surplus or additional paid in capital have been retroactively adjusted in basic earning per share calculation.

Note 4: Calculation formula shown as below shall be listed in the end of annual reports:

1.Financial structure

(1)Debt ratio＝Total liabilities／Total Assets

(2)Ratio of long-term capital to fixed assets＝(Shareholders' equity + noncurrent liabilities) ／Net property, plant and equipment

2.Solvency

(1)Current ratio＝Current assets／Current liabilities

(2)Quick ratio＝(Current assets - inventories - prepaid expenses)／Current liabilities

(3)Interest earned ratio (times)＝Earnings before interest and taxes／Interest expenses

3.Operating performance

(1)Accounts receivable turnover (times) (includes accounts collectable & checks collectable)＝ Net sales／Average trade receivables (includes accounts collectable & checks collectable)

(2)Average collection period＝365／Accounts receivable turnover (times)

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

(4)Accounts payable turnover (times) (includes accounts payable & checks payable)＝ Cost of goods sold／Average payable (includes accounts payable & checks payable)

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

(6)Fixed assets turnover (times)＝Net sales／Average net property, plant and equipment

(7)Total assets turnover (times)＝Net sales／Average total Asset

4.Profitability

(1)Return on total assets＝〔Net income＋interest expense×（１－effective tax rate）〕／ Average total asset

(2)Return on Stockholders' equity＝Net Income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent

(3)Profit ratio＝Net income／Net sales

(4)Earnings per share ＝(Net income attributable to shareholders of the parent － preferred stock dividend) / Weighted average number of shares outstanding (note 5)

5.Cash flow

(1)Cash flow ratio＝Net cash provided by operating activities / Current liabilities

(2)Cash flow adequacy ratio＝Five-year sum of cash from operations / Five-year sum of capital expenditures, iInventory additions, and cash dividend

(3)Cash reinvestment ratio＝(Cash provided by operating activities - cash dividends) / (Gross property, plant and equipment + Long-term Investments + Other Noncurrent Assets + working capital) (note6)

6.Leverage

(1)Operating leverage＝(Net sales - variable cost) / Income from operations (note 7)

(2)Financial leverage＝Income from operations / (Income from operations － Interest expenses)

Note 5: Please refer to the followings in calculation formula of earnings per share:

1. Based on weighted-average ordinary shares instead of stock shares issued by the end of the year.
2. Companies with seasoned equity offering or treasury stock trading shall take its circulation period into calculation of weighted-average shares.
3. Companies with capital increase out of surplus or additional paid in capital shall have annual or semi annual earning per share calculation retroactively adjusted instead of release duration.
4. The annual dividend (whether payout or not) of non-convertible cumulative preferred shares shall consider net profit or loss after tax deduction. When there's net profit after tax deduction in non-cumulative preferred shares, the dividend shall be deducted from net profit after tax deduction; No adjustment needed when loss

Note 6: Please refer to the followings in cash flows analysis:

1. Net cash flow from operating activities refers to net cash inflows of operating activities in statements of cash flows.
2. Capital expenditures refers to annual amount of cash outflows in capital investment.
3. Inventory increase shall only be counted when the ending balance is greater than the opening balance. Count as 0 when ending inventory decrease.
4. Cash dividend includes cash dividend in ordinary shares and preferred shares.
5. Gross of real estate, plant and equipment refers to the net of accumulated depreciation of real estate, plant and equipment

Financial information of cash flows adequacy ratio within five years above from 2012 to 2014 were under financial information of IFRSs, International Financial Reporting Standards, and calculated under Financial Accounting Standards Board, Taiwan in other years.

Note 7: Issuing entity shall divide each operating costs and operating expenses into fixed and changes by its property, maintain consistency and rationality while estimates or subjective judgements involved.

Note 8: Shares of no value or none-NTD.10 value per share, the calculation of accounts paid in capital ratio above shall be altered to equity ratio attributable to owner of parent company in balance sheet

(二) Financial report under Financial Accounting Standards, Taiwan

1. Consolidated financial analysis － Financial Accounting Standards, Taiwan (Consolidated financial report)

Analyzed items \ Year			Financial analysis within 5 years（Note 1）				
			2010	2011	2012	2013	2014
Financial structure (%)	Debts ratio		58.94	58.19	55.20		
	Ratio of long-term capital to property, plant and equipment		304.97	292.32	289.71		
Solvency (%)	Current ratio		151.53	145.72	146.56		
	Quick ratio		98.74	91.38	91.18		
	Interest earned ratio (times)		12.01	29.69	15.43		
Operation capacity	Account receivable turnover (time)		3.61	3.77	3.25	Not Applicable	Not Applicable
	Average collection period		101	97	112.39		
	Inventory turnover (times)		3.83	3.42	3.43		
	Accounts payable turnover (times)		3.04	2.63	2.54		
	Average days in sales		95	107	106		
	Property, plant and equipment turnover (times)		7.98	9.66	8.28		
	Total assets turnover (times)		1.15	1.42	1.28		
Profitability	Return on total assets (%)		1.73	3.87	2.80		
	Return on stockholders' equity (%)		3.51	9.04	6.05		
	Ratio to issued capital (%)	Operating income	8.32	8.52	9.62		
		Pre-tax income	10.53	26.04	18.89		
	Profit ratio (%)		1.19	2.64	2.14		
	Earnings per share (NT$) (Note 3)		0.88	2.35	1.58		
Cash flows	Cash flow ratio (%)		16.15	0.43	5.33		
	Cash flow adequacy ratio (%)(Note 6)		122.35	135.44	108.69		
	Cash reinvestment ratio (%)		15.49	(2.54)	1.90		
Balance	Operating leverage		6.75	7.46	7.04		
	Financial leverage		1.13	1.12	1.16		

Note 1: Company shall notify financial reports of which year are not being audited and certified by a certified public accountant. We've had our financial reports audited and certified by a certified public accountant within above financial reports.

Note 2: Public company or company which trades securities on over-the-counter markets shall have financial information by last season of annual report published date of the year incorporated into analysis.

Note 3: Number of shares increased annually due to surplus or additional paid in capital have been retroactively adjusted in calculation.

Note 4: Calculation formula shown as below shall be listed in the end of annual reports:

1.Financial structure

(1)Debt ratio＝Total liabilities／Total Assets

(2)Ratio of long-term capital to fixed assets＝(Shareholders' equity + noncurrent liabilities) ／Net property, plant and equipment

2.Solvency

(1)Current ratio＝Current assets／Current liabilities

(2)Quick ratio＝(Current assets - inventories - prepaid expenses)／Current liabilities

(3)Interest earned ratio (times)＝Earnings before interest and taxes／Interest expenses

3.Operating performance

(1)Accounts receivable turnover (times) (includes accounts collectable & checks collectable)＝ Net sales／Average trade receivables (includes accounts collectable & checks collectable)

(2)Average collection period＝365／Accounts receivable turnover (times)

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

(4)Accounts payable turnover (times) (includes accounts payable & checks payable)＝ Cost of goods sold／Average payable (includes accounts payable & checks payable)

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

(6)Fixed assets turnover (times)＝Net sales／Average net property, plant and equipment

(7)Total assets turnover (times)＝Net sales／Average total Asset

4.Profitability

(1)Return on total assets＝〔Net income＋interest expensex（１－effective tax rate）〕／ Average total asset

(2)Return on Stockholders' equity＝Net Income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent

(3)Profit ratio＝Net income／Net sales
(4)Earnings per share ＝(Net income attributable to shareholders of the parent － preferred stock dividend) / Weighted average number of shares outstanding (note 5)
5.Cash flow
(1)Cash flow ratio＝Net cash provided by operating activities / Current liabilities
(2)Cash flow adequacy ratio＝Five-year sum of cash from operations / Five-year sum of capital expenditures, iInventory additions, and cash dividend
(3)Cash reinvestment ratio＝(Cash provided by operating activities - cash dividends) / (Gross property, plant and equipment + Long-term Investments + Other Noncurrent Assets + working capital) (note6)
6.Leverage
(1)Operating leverage＝(Net sales - variable cost) / Income from operations (note 7)
(2)Financial leverage＝Income from operations / (Income from operations － Interest expenses)

Note 5: Please refer to the followings in calculation formula of earnings per share:
1. Based on weighted-average ordinary shares instead of stock shares issued by the end of the year.
2. Companies with seasoned equity offering or treasury stock trading shall take its circulation period into calculation of weighted-average shares.
3. Companies with capital increase out of surplus or additional paid in capital shall have annual or semi annual earning per share calculation retroactively adjusted instead of release duration
4. The annual dividend (whether payout or not) of non-convertible cumulative preferred shares shall consider net profit or loss after tax
deduction. When there's net profit after tax deduction in non-cumulative preferred shares, the dividend shall be deducted from net profit
after tax deduction; No adjustment needed when loss.

Note 6: Please refer to the followings in cash flows analysis:
1. Net cash flow from operating activities refers to net cash inflows of operating activities in statements of cash flows.
2. Capital expenditures refers to annual amount of cash outflows in capital investment.
3. Inventory increase shall only be counted when the ending balance is greater than the opening balance. Count as 0 when ending inventory decrease.
4. Cash dividend includes cash dividend in ordinary shares and preferred shares.
5. Gross of fixed assets refers to the net of accumulated depreciation of fixed assets.

Note 7: Issuing entity shall divide each operating costs and operating expenses into fixed and changes by its property, maintain consistency and rationality while estimates or subjective judgments involved.

Note 8: We prepare financial reports under IFRSs, International Financial Reporting Standards since 2013, please refer to financial reports under IFRSs, International Financial Reporting Standards.

2. Individual financial analysis－Financial Accounting Standards, Taiwan (Individual financial report)

Year / Analyzed items (Note 4)			Financial analysis within 5 years（Note 1）				
			2010	2011	2012	2013	2014
Financial structure (%)	Debts ratio		52.97	48.15	44.37		
	Ratio of long-term capital to property, plant and equipment		409.02	393.46	371.03		
Solvency (%)	Current ratio		146.29	146.00	142.91		
	Quick ratio		92.66	88.02	85.98		
	Interest earned ratio (times)		24.12	144.94	401.39		
Operating performance	Accounts receivable turnover (times)		3.64	4.18	3.52	Not Applicable	Not Applicable
	Average collection period		100	87	104		
	Inventory turnover (times)		3.46	3.55	3.15		
	Accounts payable turnover (times)		3.50	2.78	2.39		
	Average days in sales		106	103	116		
	Property, plant and equipment turnover (times)		7.78	10.08	7.45		
	Total assets turnover (time)		0.96	1.36	1.12		
Profitability	Return on total assets (%)		2.00	4.67	3.41		
	Return on stockholders' equity (%)		3.72	9.41	6.35		
	Ratio to issued capital (%)	Operating income	9.96	13.68	9.51		
		Pre-tax income	10.79	26.68	19.34		
	Profit ratio (%)		1.74	3.56	3.18		

Year / Analyzed items (Note 4)		Financial analysis within 5 years（Note 1）				
		2010	2011	2012	2013	2014
	Earnings per share (NT$) (Note 3)	0.88	2.35	1.58		
Cash flow	Cash flows ratio (%)	23.76	1.10	15.44		
	Cash flow adequacy ratio (%)(Note 6)	122.65	132.74	119.31		
	Cash reinvestment ratio (%)	18.72	(2.42)	6.66		
Leverage	Operating leverage	4.22	3.47	4.63		
	Financial leverage	1.05	1.01	1.01		

Note 1: Company shall notify financial reports of which year are not being audited and certified by a certified public accountant. We've had our financial reports audited and certified by a certified public accountant within above financial reports.

Note 2: Public company or company which trades securities on over-the-counter markets shall have financial information by last season of annual report published date of the year incorporated into analysis.

Note 3: Number of shares increased annually due to surplus or additional paid in capital have been retroactively adjusted in calculation.

Note 4: Calculation formula shown as below shall be listed in the end of annual reports:

1.Financial structure

(1)Debt ratio＝Total liabilities／Total Assets

(2)Ratio of long-term capital to fixed assets＝(Shareholders' equity + noncurrent liabilities) ／Net property, plant and equipment

2.Solvency

(1)Current ratio＝Current assets／Current liabilities

(2)Quick ratio＝(Current assets - inventories - prepaid expenses)／Current liabilities

(3)Interest earned ratio (times)＝Earnings before interest and taxes／Interest expenses

3.Operating performance

(1)Accounts receivable turnover (times) (includes accounts collectable & checks collectable)＝ Net sales／Average trade receivables (includes accounts collectable & checks collectable)

(2)Average collection period＝365／Accounts receivable turnover (times)

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

(4)Accounts payable turnover (times) (includes accounts payable & checks payable)＝ Cost of goods sold／Average payable (includes accounts payable & checks payable)

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

(6)Fixed assets turnover (times)＝Net sales／Average net property, plant and equipment

(7)Total assets turnover (times)＝Net sales／Average total Asset

4.Profitability

(1)Return on total assets＝〔Net income＋interest expense×（１－effective tax rate）〕／ Average total asset

(2)Return on Stockholders' equity＝Net Income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent

(3)Profit ratio＝Net income／Net sales

(4)Earnings per share ＝(Net income attributable to shareholders of the parent － preferred stock dividend) / Weighted average number of shares outstanding (note 5)

5.Cash flow

(1)Cash flow ratio＝Net cash provided by operating activities / Current liabilities

(2)Cash flow adequacy ratio＝Five-year sum of cash from operations / Five-year sum of capital expenditures, iInventory additions, and cash dividend

(3)Cash reinvestment ratio＝(Cash provided by operating activities - cash dividends) / (Gross property, plant and equipment + Long-term Investments + Other Noncurrent Assets + working capital) (note6)

6.Leverage

(1)Operating leverage＝(Net sales - variable cost) / Income from operations (note 7)

(2)Financial leverage＝Income from operations / (Income from operations － Interest expenses)

Note 5: Please refer to the followings in calculation formula of earnings per share:

1. Based on weighted-average ordinary shares instead of stock shares issued by the end of the year.
2. Companies with seasoned equity offering or treasury stock trading shall take its circulation period into calculation of weighted-average shares.
3. Companies with capital increase out of surplus or additional paid in capital shall have annual or semi annual earning per share calculation retroactively adjusted instead of release duration
4. The annual dividend (whether payout or not) of non-convertible cumulative preferred shares shall consider net profit or loss after tax
deduction. When there's net profit after tax deduction in non-cumulative preferred shares, the dividend shall be deducted from net profit
after tax deduction; No adjustment needed when loss.

Note 6: Please refer to the followings in cash flows analysis:

1. Net cash flow from operating activities refers to net cash inflows of operating activities in statements of cash flows.
2. Capital expenditures refers to annual amount of cash outflows in capital investment.
3. Inventory increase shall only be counted when the ending balance is greater than the opening balance. Count as 0 when ending inventory decrease.
4. Cash dividend includes cash dividend in ordinary shares and preferred shares.
5. Gross of fixed assets refers to the net of accumulated depreciation of fixed assets.

Note 7: Issuing entity shall divide each operating costs and operating expenses into fixed and changes by its property, maintain consistency and rationality while estimates or subjective judgments involved.

Note 8: We prepare financial reports under IFRSs, International Financial Reporting Standards since 2013, please refer to financial reports under IFRSs, International Financial Reporting Standards.

3. Supervisors' or Audit Committee's Report in the most recent fiscal year

Marketech International Corp.(MIC)

Supervisors' audit report

2014 operating reports, earnings dispatch proposal, and financial reports audited and certified by certified public accountant Lin, Jun-Yao and Zheng, Shu-Qiong from PricewaterhouseCoopers (PwC) Taiwan sent by board of directors, also audited by supervisors, we believe there's no inconformity, therefore sumbit for detection accoding to Company Law Article.219.

Regards

Annual Meeting of Shareholders, 2015

Supervisor：Hsiao, Ming-Chih

Supervisor：Lu, Zong-Jenn

Supervisor：Ma, Kao-Peng

February 26,2015

4. **Consolidated Financial Statement in the most recent fiscal year：please refer to this year's report page 195 to 280**
5. **Separate Financial Statement of the Parent Company and Related Party in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report：please refer to this year's report page 281 to 356**
6. **Financial difficulties of the Company and Related Party in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report: None.**

VII Review of Financial Conditions, Operating Results, and Risk Management

1. Analysis of Financial Position

(a) Analysis of the consolidated financial situation (consolidated financial statement)

1. The last two annual balance sheets reported significant changes and impact on the Assets and Liabilities, owing to

Unit：NT$ 000's；%

Year / Description	As of December 31,2014	As of December 31,.2013	Difference	
			Amount	%
Current assets	9,793,274	8,007,542	1,785,732	22.30
Property, plant and equipment	1,461,476	1,519,952	(58,476)	(3.85)
Intangible assets	32,781	38,251	(5,470)	(14.30)
Other assets	488,029	520,692	(32,663)	(6.27)
Total assets	11,775,560	10,086,437	1,689,123	16.75
Current liabilities	7,231,258	5,795,555	1,435,703	24.77
Non-current liabilities	164,750	168,040	(3,290)	(1.96)
Total liabilities	7,396,008	5,963,595	1,432,413	24.02
Capital stock	1,650,698	1,650,568	130	0.01
Capital surplus	616,354	616,276	78	0.01
Retained earnings	2,050,443	1,840,239	210,204	11.42
Other equity interest	57,963	12,215	45,748	374.52
Equity attributable to shareholders of the parent	4,375,458	4,119,298	256,160	6.22
Non-controlling interests	4,094	3,544	550	15.52
Total equity	4,379,552	4,122,842	256,710	6.23

Analysis of ratio of change: (if the change is greater than 20% and the amount changed is NT$100,000,000)

(1) Increase in current assets: Owing to an increase in income derived from customized equipment development, manufacturing and system integration engineering business in 2014 compared to 2013 and also because part of the accounts receivable and the investment in construction costs are coming to term, all these leading to an increase in receivables and current assets compared to 2013.

(2) Increase in current liabilities: Annual operating growth and the end of procurement contract amount and related costs increased due to business needs, thus increasing the accounts payable for contract construction, resulting in an overall increase in current liabilities , over 2013.

(3) Increase in other equity: Owing to the positive fluctuating change in the rate of exchange in foreign currencies, which brought an increase in other equity, compared to the same period last year.

2. If significant changes are felt, they should be indicated in future response plans:

Changes in the Group's last two annual balance sheets did not have any significant impact. The group continued to focus on improving the business performance, the stability of its earnings and the company's financial structure in order to reduce the financial burden.

(b) Analysis of the individual financial situation (individual financial statement)

1. The last two annual balance sheets reported significant changes and impact on the Assets and Liabilities, owing to

Unit : NT$ thousands ; %

Year / Description	As of December 31,2014	As of December 31,.2013	Difference	
			Amount	%
Current assets	6,068,094	4,548,885	1518209	33.40
Property, plant and equipment	1,168,848	1,213,528	(44,680)	(3.68)
Intangible assets	14,469	11,097	3,372	30.39
Other current assets	1,946,783	1,817,484	129,299	7.11
Total assets	9,198,194	7,590,994	1,607,200	21.17
Current liabilities	4,658,617	3,304,341	1,354,276	40.98
Non-current liabilities	164,119	167,355	(3,236)	(1.93)
Total liabilities	4,822,736	3,471,696	1,351,040	38.92
Capital stock	1,650,698	1,650,568	130	0.01
Capital surplus	616,354	616,276	78	0.01
Retained earnings	2,050,443	1,840,239	210,204	11.42
Other equity interest	57,963	12,215	45,748	374.52
Total equity	4,375,458	4,119,298	256,160	6.22

Analysis of ratio of change: (if the change is greater than 20% and the amount changed is NT$100,000,000)

(1) Increase in current assets: Owing to an increase in income derived from customized equipment development, manufacturing and system integration engineering business in 2014 compared to 2013 and also because part of the accounts receivable and the investment in construction costs are coming to term, all these leading to an increase in receivables and current assets compared to 2013.

(2) Increase in current liabilities: Annual operating growth and the end of procurement contract amount and related costs increased due to business needs, thus increasing the accounts payable for contract construction, resulting in an overall increase in current liabilities , over 2013.

(3) Increase in other equity: Owing to the positive fluctuating change in the rate of exchange in foreign currencies, which brought an increase in other equity, compared to the same period last year.

2. If significant changes are felt, they should be indicated in future response plans:

Changes in the company's last two annual balance sheets did not have any significant impact. The company continued to focus on improving the business performance, the stability of its earnings and the company's financial structure in order to reduce the financial burden.

2. Analysis of Financial Performance

(a) Consolidated Financial Performance Analysis (consolidated financial statement)

1.The last two Profit and Loss accounts reported significant changes in net profit and pre-tax profit, owing to:

Unit : NT$ thousands ; %
(In addition to earnings per share, NT$)

Year / Description		2014	2013	Amount increased (decreased)	Proportion change (%)
Net sales		14,965,399	14,042,274	923,125	6.57
Cost of Sales		13,206,334	12,498,721	707,613	5.66
Gross profit		1,759,065	1,543,553	215,512	13.96
Operating expenses		1,254,766	1,291,223	(36,457)	(2.82)
Operating income from operations		504,299	252,330	251,969	99.86
Non-operating income and expenses		(36,114)	27,889	(64,003)	(229.49)
Income before tax		468,185	280,219	187,966	67.08
Income from operations of continued segments-after tax		384519	218,815	165704	75.73
Income from discontinued operations		0	0	0	0
Net income		384,519	218,815	165,704	75.73
Other comprehensive income (income after tax)		53,560	69,767	(16,207)	(23.23)
Total comprehensive income		438,079	288,582	149,497	51.80
Net income attributable to shareholders of the parent		384,545	222,615	161,930	72.74
Net income attributable to noncontrolling interests		(26)	(3,800)	3,774	99.32
Total comprehensive income attributable to shareholders of the parent		437,984	292,058	145,926	49.96
Total comprehensive income attributable to the noncintrolling interests		95	(3,476)	3,571	102.7
EPS(NT$)	Basic EPS for current period	2.33	1.35	0.98	72.59
	Diluted EPS for current period	2.30	1.34	0.96	71.64

(1)The company's analysis of change in the profit and loss ratio for the past two years shows that if the operating margin changes by more than 20%, then a different analysis should be made as in (2).

Change in the proportion of variation analysis: (if the change is greater than 20% and the amount changed is NT$100,000,000)

①Increase in operating profits: Owing to the warming of the global economic climate in 2014, orders have increased in the semiconductor, optoelectronics and biotechnology pharmaceutical industry resulting in an increase in annual revenues, operating costs and operating margins, whereas reducing the operating expenses will definitely increase the operating profits compared to the previous year.

②Increase in net operating income and expenditure: In 2014, there has been a reduction in net investment and loss on investment is expected to increase, plus an overall increase in expenditure in 2014, compared to 2013 will affect the operating income and expenditure negatively.

③Increase in net profit before tax: Owing to an increase in annual operating profit for 2014 compared to 2013, though operating income and expenditure showed a net increase in expenses. Increase in net profit before tax was higher in 2014 than in 2013.

④Increase in tax expenses: Owing to increase in net profit for the year 2014.

⑤Increase in net profit for the period: Owing to an increase in operating incomes, operating margins, operating profits and net profit before tax in 2014 compared to 2013.

Year / Description	2014	2013	Amount increased (decreased)	Proportion change (%)
(2)Analysis of changes in operating margins: ① Change description: Since change is less than 20%, no explanation is required. ② Price and volume analysis: Not applicable.				

2. Expected sales volume and its possible impact on the company's future financial operations and the response plan:

The group's annual sales and services are meant to assess changes in the economy, in the future of the business environment, preparing companies and departments operating plans, monitor the market supply and demand situation, the development plans and other factors. With due consideration to the overall business performance in 2014, the number of uncompleted orders and with reasonable assumptions, there will not be any significant impact on the Group's financial situation.

(b) Individual Financial Performance Analysis (individual financial statement)

1. The last two Profit and Loss accounts reported significant changes in net profit and pre-tax profit, owing to:

Unit : NT$ thousands ; %
(In addition to earnings per share, NT$)

Year / Description		2014	2013	Amount increased (decreased)	Proportion change (%)
Net sales		10,432,963	9,518,958	914,005	9.60
Cost of Sale		9,144,096	8,409,567	734,529	8.73
Gross profit		1,288,867	1,109,391	179,476	16.18
Operating expenses		767,900	785,231	(17,331)	(2.21)
Operating income from operations		520,967	324,160	196,807	60.71
Non-operating income and expenses		(56,129)	(43,368)	12,761	29.42
Income before tax		464,838	280,792	184,046	65.55
Income from operations of continued segments-after tax		384,545	222,615	161,930	72.74
Income from discontinued operations		0	0	0	0
Net income		384,545	222,615	161,930	72.74
Other comprehensive income (income after tax)		53,439	69,443	(16,004)	(23.05)
Total comprehensive income for the yaer		437,984	292,058	145,926	49.96
EPS(NT$)	BasicEPS for current period	2.33	1.35	0.98	72.59
	Diluted EPS for current period	2.30	1.34	0.96	71.64

Year / Description	2014	2013	Amount increased (decreased)	Proportion change (%)
(1)The company's analysis of change in the profit and loss ratio for the past two years shows that if the operating margin changes by more than 20%, then a different analysis should be made as in (2). Change in the proportion of variation analysis: (if the change is greater than 20% and the amount changed is NT$100,000,000) ①Increase in operating profits: Owing to the warming of the global economic climate in 2014, orders have increased in the semiconductor, optoelectronics and biotechnology pharmaceutical industry resulting in an increase in annual revenues, operating costs and operating margins, whereas reducing the operating expenses will definitely increase the operating profits compared to the previous year. ②Increase in net operating income and expenditure: In 2014, there has been a reduction in net investment and loss on investment is expected to increase, plus an overall increase in expenditure in 2014, compared to 2013 will affect the operating income and expenditure negatively. ③Increase in net profit before tax: Owing to an increase in annual operating profit for 2014 compared to 2013, though operating income and expenditure showed a net increase in expenses. Increase in net profit before tax was higher in 2014 than in 2013. ④Increase in tax expenses: Owing to increase in net profit for the year 2014. ⑤Increase in net profit for the period: Owing to an increase in operating incomes, operating margins, operating profits and net profit before tax in 2014 compared to 2013. (2)Analysis of changes in operating margins: ① Change description: Since change is less than 20%, no explanation is required. ② Price and volume analysis: Not applicable.				

2. Expected sales volume and its possible impact on the company's future financial operations and the response plan:

The forecast of the Company's expected sales or service volume in 2015 was prepared mainly according to evaluations of economic changes in the industry, future business environment, operational plans of the Company and its departments, supply and demand in the market, future development plans, etc. and also referred to 2014 annual business performance under reasonable assumptions of unfinished production of orders, which has no significant impact on the Company's results of operations and financial position.

3. Analysis of Cash Flow

Analyses of cash flows in the future one year from changes of cash flows in the latest year:

(1) Analysis of consolidated cash flows (Consolidated Financial Statements)

1. Changes of cash flows in the latest year

Unit : NT$ thousands

Cash and cash equivalents at beginning of period (December 31, 2013)	Net cash flow from operating activities for the entire year	Net cash flow from investing activities for the entire year	Net cash flow from financing activities for the entire year	Effects of exchange rate change on cash	Cash and cash equivalents at end of period (December 31, 2014)
1,332,551	567,715	(80,321)	(244,913)	53,139	1,628,171

Analyses of changes in cash flows for the year (2014) are as follows: 1. Cash provided by operating activities is approximately NT$567,715 thousand mainly due to the increase in operating profits and the increase in net cash inflow generated from collection and payment of accounts. 2. Cash used in investing activities is approximately NT$80,321 thousand mainly due to the acquisition of property, plant and equipment. 3. Cash used in financing activities is approximately NT$244,913 thousand mainly due to the distribution of cash dividends.

2. Liquidity analysis in the latest year

Unit: %

Year / Item	2014	2013	Variance(%)
Cash Flow Ratio	7.85	(3.97)	297.73
Cash Flow Adequacy Ratio	56.44	84.48	(33.19)
Cash Reinvestment Ratio	6.71	(7.16)	193.72

Analyses of changes in the proportion of increase & decrease: (Explanation for analyses of the proportion of increase & decrease above 20% between two periods) (1) Increase in the cash flow ratio: mainly due to the increase in net cash provided by operating activities in 2014 and its growth rate is greater than the increase in current liabilities; as a result, the cash flow ratio increased in 2014 compared with 2013. (2) Decrease in the cash flow adequacy ratio: mainly due to the decrease in net cash provided by operating activities in the latest 5 years; as a result, the cash flow adequacy ratio decreased in 2014 compared with 2013. (3) Decrease in the cash flow reinvestment ratio: mainly due to the increase in profits in 2014 and the net cash inflow from operating activities; as a result, the cash flow reinvestment ratio increased in 2014 compared with 2013.

3. Liquidity analysis in the future one year

Unit : NT$ thousands

Cash and cash equivalents at beginning of period (December 31, 2014)①	Net cash flow from operating activities ②	Cash outflow③	Cash surplus (deficit) ①+②-③	Leverage of cash deficit	
				Invesment plans	Financing plans
1,628,171	1,446,838	1,020,700	2,054,309	Not applicable	

(1) Analyses of expected changes in cash flows for the year (2014) are as follows: 1. Operating activities: Net cash provided by operating activities is expected for the future one year mainly due to the business growth and the increase in cash collections of accounts receivables, and the net cash inflow was generated. 2. Investing activities: Net cash used in investing activities is expected for the future one year mainly due to the increase in long-term investments and the purchase of assets such as equipment. 3. Financing activities: Net cash used in financing activities is expected for the future one year mainly due to the distribution of cash dividends. (2) Contingency plans expected for projected insufficient cash position and the liquidity analysis: Not applicable.

(2) Analysis of individual cash flows (Individual Financial Statements)

1. Changes of cash flows in the latest year

Unit : NT$ thousands

Cash and cash equivalents at beginning of period (December 31, 2013)	Net cash flow from operating activities for the entire year	Net cash flow from investing activities for the entire year	Net cash flow from financing activities for the entire year	Cash and cash equivalents at end of period (December 31, 2014)
452,736	631,398	(267,811)	(181,440)	634,883
Analyses of changes in cash flows for the year (2014) are as follows: 1. Cash provided by operating activities is approximately NT$631,398 thousand mainly due to the increase in operating profits and the increase in net cash inflow generated from collection and payment of accounts. 2. Cash used in investing activities is approximately NT$267,811 thousand mainly due to the increase in investments accounted for using Equity Method. 3. Cash used in financing activities is approximately NT$181,440 thousand mainly due to the distribution of cash dividends.				

2. Liquidity analysis in the latest year

Unit: %

Year / Item	2014	2013	Variance (%)
Cash Flow Ratio	13.55	4.80	182.29
Cash Flow Adequacy Ratio	100.50	117.52	(14.48)
Cash Reinvestment Ratio	8.44	(0.12)	71.33
Analyses of changes in the proportion of increase & decrease: (Explanation for analyses of the proportion of increase & decrease above 20% between two periods) (1) Increase in the cash flow ratio: mainly due to the increase in net cash provided by operating activities in 2014 and its growth rate is greater than the increase in current liabilities; as a result, the cash flow ratio increased in 2014 compared with 2013. (2) Decrease in the cash flow adequacy ratio: mainly due to the decrease in net cash provided by operating activities in the latest 5 years; as a result, the cash flow adequacy ratio decreased in 2014 compared with 2013. (3) Decrease in the cash flow reinvestment ratio: mainly due to the increase in profits in 2014 and the net cash inflow from operating activities; as a result, the cash flow reinvestment ratio increased in 2014 compared with 2013.			

3. Liquidity analysis in the future one year

In One Thousand New Taiwan Dollars

Cash and cash equivalents at beginning of period (December 31, 2013)①	Net cash flow from operating activities for the entire year②	Cash outflows for the entire year ③	Cash surplus (deficient) ①+②-③	Contingency plans for projected insufficient cash position	
				Invesment plans	Financial plans
634,883	559,777	457,043	737,617	Not applicable	

(1) Analyses of expected changes in cash flows for the year (2014) are as follows:

1. Operating activities: Net cash provided by operating activities is expected for the future one year mainly due to the business growth and the increase in cash collections of accounts receivables, and the net cash inflow was generated.
2. Investing activities: Net cash used in investing activities is expected for the future one year mainly due to the increase in long-term investments and the purchase of assets such as equipment.
3. Financing activities: Net cash used in financing activities is expected for the future one year mainly due to the distribution of cash dividends.

(2) Contingency plans expected for projected insufficient cash position and the liquidity analysis: Not applicable.

IV. The Effect upon Financial Operations of any major capital expenditures during the most recent fiscal year:

i. Operation condition of major capital expenditure and its capital resources in recent years: none.

ii. Expected benefits: Not applicable

V. Investment Policy in the most recent fiscal year, Main Causes for profits or losses, Improvement Plans and the Investment Plans for the coming year:

i. Shift Policies in Investment in Recent Years

Based on the requirements of expanding business and enlarge service customers, the Group has invested and set service and dealing bases in Singapore, South Korea, Shanghai, Wuxi, Vietnam, Malaysia and Myanmar etc, so as to establish sales and service network and service customers in the neighborhood, and thus to improve market share and competitiveness of the company. In 2014, the group took product development and district development of the industry as the investment spindle and continued expand service fields. With regional resource distribution and integrated flexible scheduling support, the Group gave full play to the complementary synergy effect and improved business efficiency and scale. It will keep a foothold in Asia and become an integrated system service dealer with international reputation for professional high-tech industry process equipments, materials and factory service system facilities etc.

ii. Causes Analysis of Benefits and Losses of Shift in Investment

Unit: A Thousand TWD : ％

Name of Invested Company	Description	Direct or indirect shareholding ratio of the company	Ending investment book amount (Note 2)	Current Term (Losses) Benefits of Invested Company	Major Caused of Benefits or Losses	Improvement Plan	Investment Plan in the next 1 year
Direct Investment							
Marketech Integrated Pte .Ltd. (Shorted as MIPL)	Directly invested subsidiary of the Company	100%	42,955	(51,646)	Losses in 2014 were mainly caused by reduction of hired engineering business and plant service system and the whole plant turnkey project revenue are insufficient to cope with the operation costs and expenses. Losses are shown, so it is listed as investment losses in current period.	MIPL is mainly engaged in automation supply systems business in the semiconductor industry. With the increased market demands in Southeast Asia, the company will expand agent business actively in the future and strengthen costs and expenses control. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits.	Take timely assessment according to the market requirements and industry development.
Market Go Profits Ltd. (Shorted as Market Go)	Directly invested subsidiary of the Company	100%	1,301,288	(47,916)	It is the holding company of abroad shift investment business. Investment losses in 2014 were mainly caused by losses of indirectly invested subsidiary in mainland.	Not applicable.	Take timely assessment according to the market requirements and industry development.
Headquarter International Ltd. (Shorted as Headquarter)	Directly invested subsidiary of the Company	100%	41,483	133	It is abroad holding and shift investment business. Major business is to purchase real estate in mainland and provide to local employees for accommodation. The benefits source is rental income. Benefits in 2014 were mainly because the rental income is sufficient to cope with operation costs.	With the growth demands of business in mainland, it will expand leasing business scale in the future and have balances to the parent company's investment benefits.	Take timely assessment according to the market requirements and industry development.
Tiger United Finance Ltd. (Shorted as Tiger)	Directly invested subsidiary of the Company	100%	40,578	(268)	It is abroad holding and shift investment business. Major business is to purchase real estate in mainland and provide to local employees for accommodation. The benefits source is rental income. Losses in 2014 were mainly caused by insufficient rental income.	With the growth demands of business in mainland, it will expand leasing business scale in the future and have balances to the parent company's investment benefits.	Take timely assessment according to the market requirements and industry development.
MIC-Tech Global Corp. (Shorted as MICK)	Directly invested subsidiary of the Company	100%	7,102	(7,190)	In 2014, it was in losses status. The operation status was not as expected and sales income was reduced, so that it was insufficient to cope with operation costs and expenses.	With the increased market demands in Southeast Asia, the companies will continue developing new business to increase benefits.	Take timely assessment according to the market requirements and industry development.
Marketech Engineering Pte. Ltd. (Shorted as MEPL)	Directly invested subsidiary of the Company	100%	7,717	(1,424)	It is the holding company of abroad shift investment business. Investment losses in 2014 were mainly caused by losses of indirectly invested subsidiary in Myanmar.	Not applicable.	Take timely assessment according to the market requirements and industry development.
MIC-Tech Viet Nam Co., Ltd. (Shorted as MIC-Tech VN)	Directly invested subsidiary of the Company	100%	41,354	7,802	Main benefits in 2014 were caused by actively business expanding and effectively grasping the market tendency, so that the business income and profits were all in growth tendency.	MIC-Tech VN is mainly engaged in professional engineering contracting and related maintenance services. With the increased market demands in Vietnam, the company will expand business actively and master the advantages of existed markets in future. Engineering business will be expanded gradually and benefits will be increase. It will also have effective balances to the parent company's investment benefits.	Take timely assessment according to the market requirements and industry development.

Name of Invested Company	Description	Direct or indirect shareholding ratio of the company	Ending investment book amount (Note 2)	Current Term (Losses) Benefits of Invested Company	Major Caused of Benefits or Losses	Improvement Plan	Investment Plan in the next 1 year
HoaPhong Marketech Co., Ltd. (Shorted as HoaPhong MIC)	Directly invested subsidiary of the Company	100%	19,241	(2,584)	Business of the company was still under development in 2014, hence losses status is shown.	HoaPhong MIC is mainly engaged in professional engineering contracting and related maintenance services. With the increased market demands in Vietnam, the company will expand business actively and master the advantages of existed markets in future. Engineering business will be expanded gradually. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits.	Take timely assessment according to the market requirements and industry development.
eZoom Information, Inc. (Shorted as "eZoom")	Directly invested subsidiary of the Company	100%	8,880	(10,100)	Business of the company was still under development in 2014, hence losses status is shown.	EZoom is mainly engaged in software building tenders and self-developed software business with cloud application services. The company is now in business and human power integration stage. It will expand information and cloud business. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits.	Take timely assessment according to the market requirements and industry development.
Glory Technology Service Inc. (Shorted as "Glory)	Invested company of the Company adopting equity method	40%	29,082	7,912	Main benefits in 2014 were caused by actively business expanding and effectively grasping the market tendency, so that the business income and profits were all in growth tendency.	The company will continue developing new business to increase benefits.	Take timely assessment according to the market requirements and industry development.
MIC techno Co., Ltd.	Invested company of the Company adopting equity method	20%	2,069	(1,281)	Main losses causes in 2014 were that the panel industry and business expansion were not as expected, so that the business income and gross profits were decreased and it was in losses status.	Huaxuan is mainly engaged in panel equipments and materials sales. The company will continue developing new business to increase benefits, including development and marketing of laminating machine. The company will enter into touch panel area, and seek sales and OEM opportunities of touch panel materials and products. It will improve operation performance.	Take timely assessment according to the market requirements and industry development.
True Victor International Limited (Shorted as True Victor)	Invested company of the Company adopting equity method	38.57%	315	(1,339)	It is the holding company of abroad shift investment business. Investment losses in 2014 were mainly caused by losses on disposal of investments	Not applicable.	Take timely assessment according to the market requirements and industry development.
Indirect investment							
MIC-Tech Ventures Asia Pacific Inc. (Shorted as MIC-Tech Ventures)	Shift invested subsidiary of Subsidiary Market Go	100%	1,270,650	(47,821)	It is the holding company of abroad shift investment business. Investment losses in 2014 were mainly caused by losses of directly and indirectly invested subsidiary in mainland.	Not applicable.	Take timely assessment according to the market requirements and industry development.
Marketech International Sdn. Bhd. (Shorted as MISB)	Shift invested subsidiary of Subsidiary MIPL	100%	4,945	(2,775)	Business of the company was still under development in 2014, hence losses status is shown.	MISB is mainly engaged in automation supply systems business in the semiconductor industry. With the increased market demands in Southeast	Take timely assessment according to the market requirements and industry

Name of Invested Company	Description	Direct or indirect shareholding ratio of the company	Ending investment book amount (Note 2)	Current Term (Losses) Benefits of Invested Company	Major Caused of Benefits or Losses	Improvement Plan	Investment Plan in the next 1 year
						Asia, he company will expand business actively and master the advantages of existed markets in future. Engineering business will be expanded gradually. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits.	development.
Marketech Integrated Construction Co., Ltd. (Shorted as MICC)	Shift invested subsidiary of Subsidiary MEPL	95%	7,496	(1,120)	In 2014, since the company was at the beginning stage and the business was still under development, the business income and profits were not shown.	MICC is mainly engaged in mechanical and electrical installation and other engineering business. With the increased market demands in Southeast Asia, he company will expand business actively and master the advantages of existed markets in future. Engineering business will be expanded gradually. It will make a profit instead of suffering a loss and have balances to the parent company's investment benefits.	Take timely assessment according to the market requirements and industry development.
MIC-Tech (Wu Xi) Co., Ltd. (Shorted as MTW)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	262,285	(59,953)	In 2014, it showed losses. On the moment of operation transformation and products development, the income was difficult to be increased. Since the personnel costs in mainland area were increased and conservatively estimated bad debt losses and inventory impairment losses had influences, the benefits were not shown. But the manufacture orders and profit rate all had gradual growth. Along with the production capacity and utilization rate of plants are increase gradually, Wuxi Qihua has reduced adverse effects of high depreciation and amortization of plants and equipments to gross profits of products. Gross profits of products have been increase and years of losses conditions will be improved.	MTW is mainly engaged in OEM assembly of customized equipments and parts. Cooperating with overall tender growth tendency in mainland, currently, main businesses expanded by the company actively include automation equipments manufacturing in food industry, tire calibration equipments, desalination equipment, and satellite, network, solar energy and wind power related equipments. It is estimated growth and benefits will be obtained in future.	Take timely assessment according to the market requirements and industry development.
MIC-Tech (Shanghai) Corp. Ltd. (Shorted as MTS)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	320,536	2,446	Main benefits causes in 2014 were growth of agent sales revenue of semiconductor material and gross profits.	SMTS is mainly engaged in semi-conductor production, testing equipment and supplies, power generation boilers wholesales, import and export agent and other trade services. The company will continue developing new agent business to increase benefits.	Take timely assessment according to the market requirements and industry development.
Fuzhou Jiwei System Integrated Co., Ltd. (Shorted as FJS)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	49	(616)	In 2014, it was in losses status. It is mainly caused by limitation of received orders. Business scale is still under development. So business income and profits are not shown.	FFJS is mainly engaged in clean room and power system equipment, piping systems equipment installation and other services. China mainland is promoting economic reform and opening up policy actively and encouraging hi-tech industry development continuously. Plus the implementation of westward expansion of hi-industry in Taiwan, related factory facility services demand will be increased. It will make a	Take timely assessment according to the market requirements and industry development.

Name of Invested Company	Description	Direct or indirect shareholding ratio of the company	Ending investment book amount (Note 2)	Current Term (Losses) Benefits of Invested Company	Major Caused of Benefits or Losses	Improvement Plan	Investment Plan in the next 1 year
						profit instead of suffering a loss.	
MIC-Tech Electroics Engineering Corp.. (Shorted as MTE)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	437,578	3,703	Main benefits in 2014 were caused by actively business expanding and effectively grasping the market tendency, so that the business income and profits were all in growth tendency.	MTEi is mainly engaged in electrical and electronic engineering construction contracting, chemical oil pipeline installation engineering contracting and related warranty services. The company will continue expanding business to increase benefits, including gas engineering, electrical engineering, related production base expansion and decontamination of the Chinese mainland's biotech pharmaceutical industry, clean room and air-conditioning system installation engineering and semiconductors facility systems engineering etc. It will increase operation performance.	Take timely assessment according to the market requirements and industry development.
MIC-Tech China Trading (Shanghai) Co., Ltd.. (Shorted as MCT)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	47,500	1,469	Benefits in 2014 were mainly caused by continuous development, so that the income and benefits were grown. It is sufficient to cope with business costs and expenses.	SMCT is mainly engaged in import and export business of chemical products, semiconductors, testing equipment, and solar energy equipment, etc. The company will integrated market demand and may increase benefits.	Take timely assessment according to the market requirements and industry development.
SK MIC (WuXi) Corp. (Shorted as SKMIC)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	49%	5,990	(161)	In 2014, business income and profits were not as expected. Gross business profits were insufficient to cope with fixed operation expenditure.	SKMIC is mainly engaged in special semiconductor components and wafer equipments, special electronic components equipments and pollution control equipments installation and maintenance. It is expected that semiconductor market scale will be increased in future. The company will make a profit instead of suffering a loss.	Take timely assessment according to the market requirements and industry development.
Russky H.K. Limited (Shorted as Russky)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	100%	(9,823)	(105)	It is the holding company of abroad shift investment business. Investment losses in 2014 were mainly caused by losses of indirectly invested subsidiary in mainland.	Not applicable.	Take timely assessment according to the market requirements and industry development.
Shanghai Puritic co., Ltd.. (Shorted as SPC)	Shift invested subsidiary of Subsidiary Russky	80%	(10,579)	415	Main benefits in 2014 were caused by continuous expansion of business, so that the business income and gross profits of engineering were increased.	SPC is mainly engaged in waste barrel recycling in semiconductor manufacturing industry, piping systems and related equipment repair and installation services. China mainland is promoting economic reform and opening up policy actively and encouraging hi-tech industry development continuously. Plus the implementation of westward expansion of hi-industry in Taiwan, related factory facility services demand will be increased. It will increase benefits.	Take timely assessment according to the market requirements and industry development.

Name of Invested Company	Description	Direct or indirect shareholding ratio of the company	Ending investment book amount (Note 2)	Current Term (Losses) Benefits of Invested Company	Major Caused of Benefits or Losses	Improvement Plan	Investment Plan in the next 1 year
Chen Gao M&E Engineering (Shanghai) Co., Ltd. (Shorted as CMES)	Shift invested subsidiary of Subsidiary Russky	100%	(2,391)	(404)	Business scope of the company includes microelectronics engineering design and display devices engineering, design. In 2014, main losses cases were that the business expansion was not as expected. Currently, the business is still in adjustment stage.	CMES is mainly engaged in project engineering design of electronics products and project engineering design, related technology, management, consulting and other service of display devices. China mainland takes expanding domestic demand as economic development target. Along with production expansion and continuous construction of all industries, associated electrical and mechanical design and project bidding markets still have increasing demands. It will make a profit instead of suffering a loss.	Take timely assessment according to the market requirements and industry development.
TPP-MIC Co., Limited (Shorted as TPP-MIC)	Shift invested subsidiary of Subsidiary MIC-Tech Ventures	60%	163	72	It is the holding company of abroad shift investment business. Investment benefits in 2014 were mainly caused by losses of indirectly invested subsidiary in mainland	Not applicable.	Take timely assessment according to the market requirements and industry development.
TPP-MIC (WuXi) Co., Ltd.	Shift invested subsidiary of Subsidiary TPP-MIC Co., Limited	60%	163	72	The company moves forward to technical services and maintenance services. In 2014, main benefits causes were growth of non-business income. Currently, the business is still in adjustment stage.	Wuxi Qichuang is mainly engaged in technical services and maintenance services of semiconductor equipment, and all kinds of goods and technology import and export agent business. China mainland is promoting economic reform and opening up policy actively and encouraging hi-tech industry development continuously. Plus the implementation of westward expansion of hi-industry in Taiwan, related factory facility services demand will be increased. It will have benefits.	Take timely assessment according to the market requirements and industry development.
Leader Fortune Enterprise Co., Ltd. (Shorted as Leader)	Invested company of Subsidiary MIC-Tech Ventures adopting equity method	31.43%	7,546	(2,999)	It is the holding company of abroad shift investment business. Investment losses in 2014 were mainly caused by losses of indirectly invested subsidiary in mainland.	Not applicable.	Take timely assessment according to the market requirements and industry development.
Macrotec Technology (Shanghai) Co., Ltd. (Shorted as JM)	Invested company of Subsidiary Leader adopting equity method	31.43%	7,511	(2,999)	Since the business was still under development, the business income and benefits are not shown.	JM is main engaged in back plane agent and sales business and expands development of food equipment agents, group purchase business, channel sales and Internet transactions. With increased demands of green industry, it will make a profit instead of suffering a loss.	Take timely assessment according to the market requirements and industry development.
Frontken MIC Co., Limited (Shorted as Frontken MIC)	Invested company of Subsidiary MIC-Tech Ventures adopting equity method	40%	4,565	(24,434)	It is the holding company of abroad shift investment business. Investment losses in 2014 were mainly caused by losses of indirectly invested subsidiary in mainland.	Not applicable.	Take timely assessment according to the market requirements and industry development.
Frontken-MIC (WuXi) Co., Ltd.	Invested company of	40%	4,482	(24,305)	Business scope of the company is mainly in equipment cleaning.	Forken-MIC is mainly engaged in semiconductor	Take timely assessment

Name of Invested Company	Description	Direct or indirect shareholding ratio of the company	Ending investment book amount (Note 2)	Current Term (Losses) Benefits of Invested Company	Major Caused of Benefits or Losses	Improvement Plan	Investment Plan in the next 1 year
(Shorted as Forken-MIC)	Subsidiary Frontken MIC adopting equity method				Main causes of losses in 2014 were business expansion was not as expected. Currently, the business is still in adjustment stage.	device and equipment cleaning. It will continue expanding business and control cost strictly, and will make a profit instead of suffering a loss.	according to the market requirements and industry development.
MICT International Limited (Shorted as MICT)	Invested company of Subsidiary MIC-Tech Ventures adopting equity method	50%	12,632	(11,714)	It is the holding company of abroad shift investment business. Investment losses in 2014 were mainly caused by losses of indirectly invested subsidiary in mainland.	Not applicable.	Take timely assessment according to the market requirements and industry development.
Nantong Jianrui Optoelectronics Technology Co., Ltd. (Shorted as IMS) (Note 2)	Invested company of Subsidiary Ruixuan adopting equity method	50%	12,632	(11,729)	Main causes of losses in 2014 were mainly due to the environment influences and business expansion is not as expected, so that the business income and gross profits are decreased and losses are shown.	IMS is mainly engaged in semiconductors, flat panel industry, solar and LED industries. It uses differentiation technology and niche products with a small variety and high added values as Market Segment. It will make a profit instead of suffering a loss in future.	Take timely assessment according to the market requirements and industry development.

Note 1: The table discloses subsidiaries directly and indirectly invested by the Company and information of invested company of the Company or subsidiaries using equity method by the end of December 31, 2014.

Note 2: It is the investment boo amount by the end of December 31, 2014.

- Note 3: Taicang Jianrui Optoelectronics Technology Co., Ltd was renamed as Nantong Jianrui Optoelectronics Technology Co., Ltd on December 24, 2014.

6. Analysis of Risk Mangement

6.1 By the latest annual report and the publish date of the annual report this year, the impact of the interest rate, exchange rate changes and inflation on our company and future response measures.

(1) The interest rate risk of our group is mainly from bank loans and loans at floating rates which may cause interest rate risk for cash flow. We regularly assess interest rate for bank loan, and closely contact with banks for more favorable borrowing rates in order to lower the impact of interest rate change on the company. And in the future, we will review and consider the amount and cost of a variety of funding sources for raising the necessary funds.

(2) As we operate internationally, the relevant currency risk is mainly from future commercial transactions, recognized assets and liabilities and net investments on foreign organizations. Our group's procurement personnel shall refer to the recent currency trend for the abroad suppliers' quotes to avoid increasing procurement cost due to currency fluctuation. The finance department should occasionally collect exchange rate information for references with exchange rate changes, so the purchase payment shall depend on the level of exchange rate to be paid by our foreign currency cash like U.S. dollars or by our foreign currency deposits account, with offset effect of foreign currency income and expense which the exchange rate changes may cause a certain hedge effect, in order to reduce the harmful impact on the company due to the exchange rate changes.

(3) Our group shall pay attention on the currency inflation at any time. For purchase and sale or labor service transaction prices, we should refer to the quotes with market price fluctuation in order to reduce the effects of inflation.

(4) Our group has established appropriate risk management mechanisms, and will continue to monitor changes in interest rate, exchange rate and inflation, in order to avoid any harmful influence on company profit and loss account caused by the aforesaid situations.

6.2 By the latest annual report and the publish date of the annual report this year, the main reasons and future response measures for policy profits or losses of the engaged in high-risk and highly leveraged investments, capital lending to others, endorsement and derivatives financial commodity transactions.

(1) Engaging in high-risk and highly leveraged investments and derivatives financial commodity transactions:

We focus upon our business operations, and for ensuring safety of assets, we do not engage in high-risk and highly leveraged investments and derivatives financial commodity transactions.

And we shall take more robust fixed time deposits or risk-free bond funds for free capital flows to prevent losses.

(2) Capital lending to others:

By the latest annual report and the publish date of the annual report this year, the capital lending to others we engaged in is mainly the short-term financing for working capital needs within company's subsidiaries, which should be operated in accordance with “Operation Procedures for Capital Lending to Others” and the relevant regulations and laws, and the amount of capital lending does not exceed the limit.

(3) Endorsement

By the latest annual report and the publish date of the annual report this year, the endorsement we provide is mainly to provide surety for bank financing within the subsidiaries, and to sign the contract as a joint-guarantee for the subsidiaries’ needs of construction contracts. And such endorsements operation shall be complied with the “Endorsement Operation Procedure” and the relevant regulations and laws, and the amount of endorsements does not exceed the limit.

6.3 The future R&D Plan and estimated R&D cost of the latest year and by the annual report’s publish date.

(1) The future R&D plan

Our company’s research and development team has integration capability of high-tech process, automatic control and precision machinery technology in developing high-tech system equipment, which has achieved superb results. Some key technologies are briefly described as below:

The Latest Annual R&D Plan	Process Technology	Automatic Control	Precision Machinery
ICP Etch 370	Plasma etching uniformity	6" wafer transfer system	Pressure control of vacuum chamber

(2) The estimated R&D cost:

The Latest Annual R&D Plan	Current progress	Further required R&D Cost	Expected Mass Production Start Time	Key Factors Influencing Success of Future R&D
ICP Etch 370	80%	NT$1,000,000	2015.08	Too large of product

				specification variability

6.4 By the latest annual report and the publish date of the annual report this year, the impact of important domestic and international policy and legislation changes on the company's financial operations and response measures.

Recent domestic and foreign policy and legislation changes have no obvious effects on our current operations. We will closely monitor the important domestic and foreign policy and legislation changes, and under the quickest condition, assist in the company's internal transformation and change to enhance the overall operation capacity.

(5) The impact of technological and industry changes on the company's finances and the response measures for the most recent year and the latest annual report:

The company has dedicated staff that collects the latest industry dynamics and market information. With a strong management team and experienced and excellent professionals, the company has rich experience in market development, customer relationship management, marketing and adaptiveness to industry changes, allowing itself to flexibly react to market dynamics, customer demand, technological development and supply and demand. The company also actively integrates and introduces advanced products and technology in the role of a supplier and a marketer, instantly and consistently delivers products and the supporting services of applications. Overall, technological change can bring more opportunities to the company's business development.

As the market development has gradually shifted to Asia, and with the globalization strategy and the establishment of oversea operations of the technology industry in general, the company establishes offices in China (Shanghai, Wuxi and others), Singapore, Malaysia, Vietnam, Myanmar, Indonesia and Korea to expand its business and serve more clients. In response to technological development, the company provides international sales of advanced technology, high-tech equipments and materials to reduce the communication barrier.

The company will make good use of technological and industry changes to enhance its business management capacity and reduce cost to improve the overall competitiveness.

(6) The impact of image change on the company's risk management and the response measures for the most recent year and the latest annual report:

The corporate image has always been about modesty and stability. The company also operates honestly and maintains the shareholders' best interests for the company philosophy. In addition to improving business growth, the company also strives for transparency and enhances the relationship with shareholders and various investment institutions. If the media or the outside parties have any questions, the company maintains its openness and transparency and quickly offers explanation to achieve active communication.

(7) The expected benefits, possible risk and the response measures of acquisitions of the

most recent year and the latest annual report: None.

(8) The expected benefits, possible risk and the response measures of plant expansion of the most recent year and the latest annual report: None.

(9) The risks and the response measures of purchase and sales of the most recent year and the latest annual report:

1. Risks and the response measures for purchase: None.

2. Risks and the response measures for sales: None.

(10) The impact and the risks of directors, supervisors and major shareholders with more than ten percent of the equity and the transfer or change of equity in large volume and the response measures for the most recent year and the latest annual report:

There is no large equity transfer for the directors, supervisors and major shareholders with more than ten percent of the equity.

(11) The impact and risks of changes in right to operate and the response measures for the most recent year and the latest annual report:

The company has never experienced ownership change since its founding.

(12) For the most recent year and the latest annual report, any litigation and non-litigation cases of the company, directors, supervisors, general manager, person in charge, major shareholders with more than ten percent of the equity and the subsidiaries should be clearly listed. For the results that can potentially present huge impact to the rights of shareholders and share price, the dispute, money, lawsuits starting date and the major parties to the suit should be disclosed:

None

(13) Other major risks and the response measures of the most recent year and the latest annual report:

None

7. Other Important Matters: None.

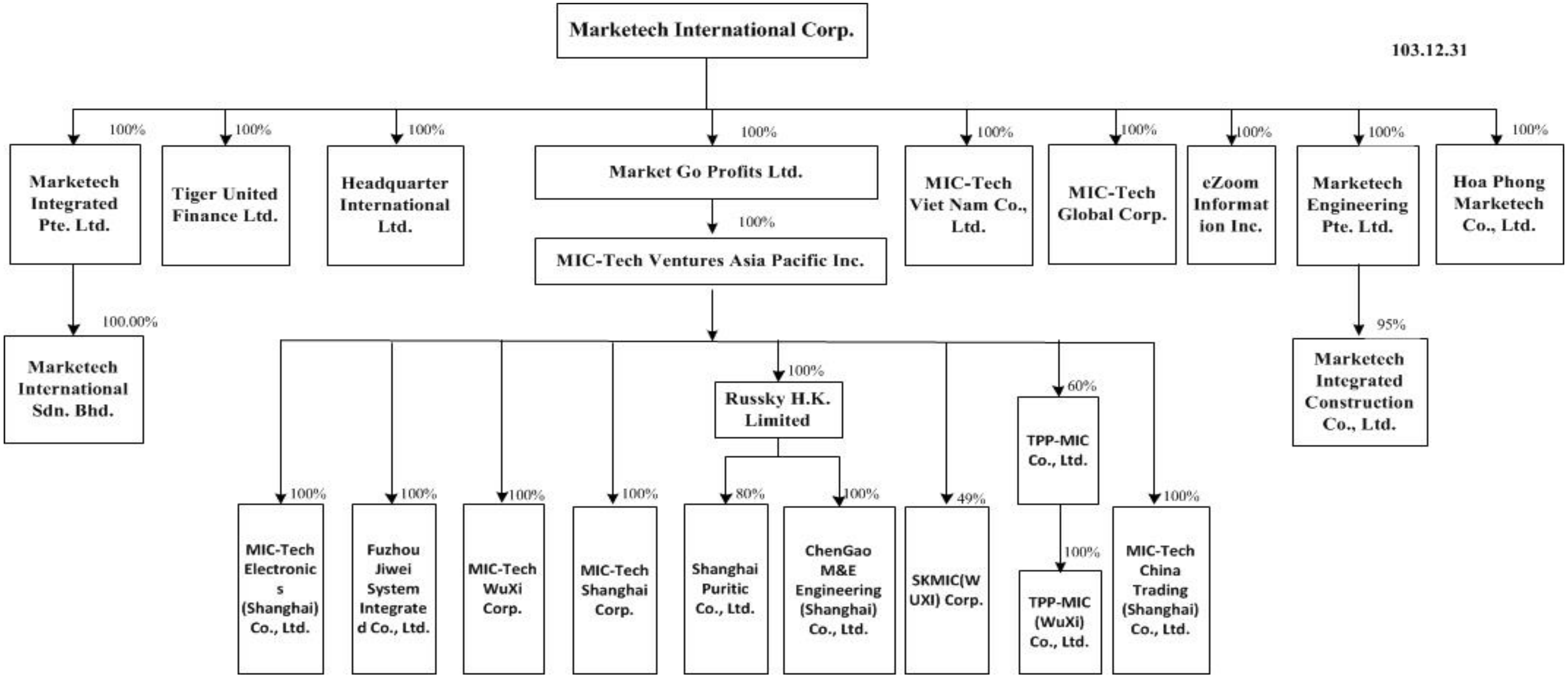
VIII.Special Disclosures

1. Information related to the Company's Affiliates

(1) Consolidated report on subsidiaries

1. Organization profile of subsidiaries

(1) Organizational chart of subsidiaries



(2) Controlled company and affiliation under the presumption of Article 369-3 of the Company Law: None.

(3) Affiliation with personnel, finances or business operations directly or indirectly controlled by the company under the second item of Article 369-2 of the Company Law: None.

2. Basic information of subsidiaries

Company Name	Date of establishment	Address	Paid in capital			Main businesses or production
			Original currency		NTD (in thousands)	
Marketech Integrated Pte. Ltd.	July 10th, 1997	86 KaKi Bukit Industrial Terrace, Singapore 416166	SGD	5,725,040	137,057	Handles the business of automated supply system in the semiconductor industry
Market Go Profits Ltd.	December 20th, 2000	P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD	34,069,104	1,078,287	Engaged in holdings and reinvestment
Headquarter International Ltd.	December 10th, 2002	P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD	1,289,367	40,808	Engaged in holdings and reinvestment
Tiger United Finance Ltd.	October 9th, 2002	P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD	1,410,367	44,638	Engaged in holdings and reinvestment
MIC-Tech Global Corp.	October 18th, 2004	RM918,Hyundai Office Bldg,9-4,Sunae 1-dong,Bundang-gu,Seongnam-si, Gyeonggi-do,Korea	ARW	457,500,000	13,373	General international trade
MIC-Tech Viet Nam Co., Ltd.	January 22nd, 2010	7F, No 36, Hoang Cau street, O Cho Dua Ward, Dong Da District,Ha Noi City, Vietnam	USD	1,300,000	41,145	Trading, installation and maintenance of various industrial machinery, equipments and supplies
Hoa Phong Marketech Co., Ltd.	February 1st, 2001	No 72 , Le Thanh Ton Street , Ben Nghe Ward , 1 District .Ho Chi Minh City, Viet Nam	USD	1,000,000	31,650	Construction contracting and the related repair business
MIC-Tech Ventures Asia Pacific Inc.	February 1st, 2001	Huntlaw Building, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	USD	33,066,604	1,046,558	Engaged in holdings and reinvestment
Marketech International Sdn. Bhd.	February 10th, 2009	36-02, Bilik 2, Jalan Molek 1/10Taman Molek, 81400 Johor Bahru Johor, Malaysia	MYR	750,000	6,437	Handles the business of automated supply system in the semiconductor industry
Russky H.K. Limited	December 17th, 1992	Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong	USD	633,000	20,034	Engaged in holdings and reinvestment
Marketech Engineering Pte. Ltd.	November 28th, 2013	86 Kaki Bukit Industrial Terrace Singapore 416166	SGD	379,597	9,088	Handles mechanical and electrical installation and engineering businesses

Company Name	Date of establishment	Address	Paid in capital		Main businesses or production
			Original currency	NTD (in thousands)	
Marketech Integrated Construction Co., Ltd.	April 3rd, 2014	67/A, Htan Tapin Street, Kamayut Township, Yangon	USD 300,000	9,495	Handles mechanical and electrical installation and engineering businesses
Shanghai Puritic Co., Ltd	April 21st, 1998	1F, Building A, No. 1281, Jin Hu Road, Pudong, Shanghai	USD 400,000	12,660	Scrubber regeneration, design, installation, adjustment and technical services of pipeline systems and the related facilities, repair of semiconductor equipment and the technical consultation of electronic and medical equipments.
Chen Gao M&E Engineering (Shanghai) Co., Ltd.	February 2nd, 2008	25th Floor, No. 1, Lane 1040, Caoyang Road, Shanghai (Note 4)	USD 200,000	6,330	Microelectronics and display product design and consultation of the related technologies and management
MIC-Tech (Shanghai) Co. Ltd.	May 24th, 2001	2F, Building A, No. 1281, Jin Hu Road, Pudong, Shanghai	USD 8,241,000	260,828	Semiconductor production, testing equipment and supplies, wholesale of power generation boiler, commission agents, import and export and other related business, boiler warehousing and distribution. international trade, entrepot trade, bonded area trade and agency, business advisory services.
Fuzhou Jiwei System Integratedy Co., Ltd.	February 27th, 2003	Room 510, No. 120, Cangshan Science and Technology Park, Fuzhou, Fujian Province	USD 300,000	9,495	Cleanroom and power system, pipeline system installation and related services.
MIC-Tech Electronics Engineering Corp.	June 30th, 2003	1F, Building A, No. 1281, Jin Hu Road, Pudong, Shanghai	USD 11,619,000	367,741	Mechanical and electrical installation general contracting and sub-contracting, electronic engineering sub-contracting, petrochemical pipeline installation sub-contracting, pipeline sub-contracting and provide maintenance service at the end of project, related engineering consultation services.
MIC-Tech (WuXi) Co., Ltd.	May 16th, 2001	No. 11, Xin Xi Road, Wuxi High-Tech Industrial Development Zone, Jiangsu Province	USD 25,500,000	807,075	Semiconductor, crystal and electronic component equipments, design, manufacturing, installation and maintenance of pollution control equipment, packaging equipment, refrigeration equipment and oven assembly. Wholesale, commission agent, import and export of the above products and parts. Rental and lease of plant.

Company Name	Date of establishment	Address	Paid in capital			Main businesses or production
			Original currency		NTD (in thousands)	
SKMIC (WuXi) Corp.	July 4th, 2006	Room 208, 2nd Floor, No. 87-A, Wuxi High-Tech Industrial Development Zone, Jiangsu Province	USD	305,000	9,653	Installation and maintenance of semiconductor, crystal, electronic and pollution control equipments.
MIC-Tech China Trading (Shanghai) Co., Ltd.	March 21st, 2013	Room 517, No. 8 Huajin Road, Shanghai Wai Gao Qiao Free Trade Zone	USD	1,500,000	47,475	Petrochemical products (except hazardous chemicals, precursor chemicals and specialty chemicals), semiconductors, testing equipments and supplies, solar equipment and supplies, wholesale of power generation boilers, commission agents, import and export and other related services, international trade, entrepot trade, trade and agent within the bonded area, trade advisory services.
TPP-MIC-Co., Limited	April 15th, 2008	Rm 1401, The Centre Mark, 287-299 Queen's Road Central, Hong Kong	USD	300,000	9,495	Engaged in holdings and reinvestment
TPP-MIC (WuXi) Co., Ltd.	May 8th, 2009	2F, No. 11, Xin Xi Road, Wuxi High-Tech Industrial Development Zone, Jiangsu Province	USD	300,000	9,495	Technical and maintenance services of semiconductor equipments, import and export of the in-house and agent products and technologies.
eZoom Information, Inc.	November 20th, 1996	6F-3, No. 3-2, Yuanqu Street, Nangang District, Taipei	NTD	34,000,000	34,000	Research and development, buying and selling and consultation of information system software and hardware

Note 1: All affiliated companies should be disclosed regardless of size.
Note 2: For all affiliated companies that have factories and the sales revenue exceeds ten percent of the mother company, the names, founding dates, address and the main products should be listed.
Note 3: If the affiliated companies are foreign, the names and addresses can be presented in English. The founding dates can be shown in AD date, and the paid in capital should be converted by using the official currency conversion rate.
Note 4: The address is the actual business address.

3.Shareholders in common and Its Subsidiaries with Deemed Control and Subordination:

Unit: NTD in thousands; shares: %

Presumed reasons	Name (Note 1)	Shareholding (Note 2)		Date of establishment	Address	Paid in Capital	Main areas of business
		Shares	Share ratios				
		Not applicable					

Note 1: Fill in the corporate name if the corporate shareholder is the same. Fill in the individual name if the individual shareholder is the same. For individual shareholders, only fill in the presumed reasons, name and the shares in holding.
Note 2: Fill in the shareholding information of the shareholder in the controlling company.

4. Businesses covered by the overall affiliation

1. Industries covered by the company and the subsidiaries

① Semiconductor (including mask, wafer fabrication, packaging and testing), optoelectronics (color filter, TFT-LCD, LTPS TFT LCD, polarizer, LED, OLED, GaAs), solar power industries and others (SAW filter, biotechnology and MEMS) and their pipeline construction and turnkey project contracting.

② Electronics, circuits and construction pipeline businesses

③ General investment

④ Trading of chemical products and materials

⑤ Sales and installation of boilers and equipments

⑥ Research and development and manufacturing of customized equipments

2. Business dealings and division of labor between the subsidiaries:

The company and the subsidiaries are all involved in sales and services, factory management, processes, system integration and equipment manufacturing of high-tech products. Specialized division of labor is implemented between each entity. The company is responsible for expanding in and providing services to the market both home and abroad, as well as the overall business planning, management, implementation and technical support of the subsidiaries. eZoom Information, Inc. is to build the core competitiveness of information and communication technology and cloud computing, and also combines the businesses and resources of the business group to collaborate in the overall marketing and explore more opportunities. Marketech Integrated Pte. Ltd., Marketech International Sdn. Bhd., Mic-Tech Viet Nam Co., Ltd., Hoa Phong Marketech Co., Ltd. and Marketech Intergrated Construction Co., Ltd. are responsible for exploring business opportunities in Southeast Asia and the pipeline construction needed for capacity expansion in the semiconductor and general industries of mainland China; these also support the factory system engineering needed in plant building in the Greater China region. MIC-Tech (Shanghai) Co. Ltd., Wuxi Qihua Electronic Technology Co., Ltd., Wuxi Hanhua Electronic

Technology Co., Ltd., Shanghai Puritic Co., Ltd., Shanghai Jiwei Electronic System Engineering Co., Ltd., Fuzhou Jiwei System Technology Co., Ltd., Shanghai Sheng Kao Mechanical and Electrical Engineering Design Co., Ltd., TPP-MIC (Wuxi) Co., Ltd. and Shanghai Fan-Ya Trade Co., Ltd. are responsible for exploring business opportunities in the Greater China region. Each of them specializes in agency and sales of chemicals, equipment manufacturing and installation and maintenance and factory system engineering services of the domestic market in China. In response to the vigorous growth of Korea's semiconductor and TFT industries, MIC-Tech Global Corp. is responsible in exploring the East Asia market. The head company and the subsidiaries provide complementary synergy through distribution of regional resources and the integrated support.

5. Information of directors, supervisors and general manager of all subsidiaries

Unit: Doller; shares: %

<table>
<tr><td rowspan="2">Company Name</td><td>Title</td><td rowspan="2">Name or representative</td><td colspan="2">Shareholding (Note 2 and 3)</td></tr>
<tr><td>(Note 1)</td><td>Number of shares or capital contributions</td><td>Shareholding ratios</td></tr>
<tr><td>Marketech Integrated Pte. Ltd.</td><td>Chairman
Director
Director</td><td>Corporate representatives
Hsin-Ming Kao
Scott Lin
Seetoh Oi Ying</td><td>SGD 5,725,040</td><td>100%</td></tr>
<tr><td>Market Go Profits Ltd.</td><td>Director
Director</td><td>Corporate representatives
Hsin-Ming Kao
Scott Lin</td><td>USD 34,069,104</td><td>100%</td></tr>
<tr><td>Headquarter International Ltd.</td><td>Director
Director</td><td>Corporate representatives
Hsin-Ming Kao
Scott Lin</td><td>USD 1,289,367</td><td>100%</td></tr>
<tr><td>Tiger United Finance Ltd.</td><td>Director
Director</td><td>Corporate representatives
Hsin-Ming Kao
Scott Lin</td><td>USD 1,410,367</td><td>100%</td></tr>
<tr><td>MIC-Tech Global Corp.</td><td>Director
Director
Director
Supervisor
General manager</td><td>Corporate representatives
Hsin-Ming Kao
Scott Lin
Zhen-Hao Pu
Yi-Jung Li
Zhen-Hao Pu</td><td>ARW 457,500,000</td><td>100%</td></tr>
<tr><td>MIC-Tech Viet Nam Co.,Ltd.</td><td>General manager</td><td>Corporate representatives
Hsin-Ming Kao</td><td>USD 1,300,000</td><td>100%</td></tr>
<tr><td>Hoa Phong Marketech Co., Ltd.</td><td>General manager</td><td>Corporate representatives
Hsin-Ming Kao</td><td>USD 1,000,000</td><td>100%</td></tr>
<tr><td>Marketech Engineering Pte.Ltd.</td><td>Director
Director
Director</td><td>Corporate representatives
Hsin-Ming Kao
Scott Lin
Seetoh OiYing</td><td>SGD 379,597</td><td>100%</td></tr>
<tr><td>MIC-Tech Ventures Asia Pacific Inc.</td><td>Director
Director</td><td>Subsidiary-
Market Go Profits Ltd. Corporate representatives
Hsin-Ming Kao
Scott Lin</td><td>USD 33,066,604</td><td>100%</td></tr>
</table>

Company Name	Title (Note 1)	Name or representative	Shareholding (Note 2 and 3)	
			Number of shares or capital contributions	Shareholding ratios
Marketech Integrated Construction Co., Ltd.	 Director Director	Subsidiary- Marketech Enginnering Pte.Ltd. Corporate representatives Hsin-Ming Kao Scott Lin	USD 300,000	95%
Marketech International Sdn.Bhd.	 Director Director Director Director Director	Subsidiary- Marketech Integrated Pte Ltd. Corporate representatives Hsin-Ming Kao Scott Lin Guo-Peng Ma Individual representative Masliana BT Mohd Safi Saiful Zamru Bin Ismail	MYR 750,000	100%
Russky H.K. Limited	 Director Director	Subsidiary- MIC-Tech Ventures Asia Pacific Inc. Corporate representatives Hsin-Ming Kao Scott Lin	USD 633,000	100%
Shanghai Puritic Co., Ltd	 Chairman Director Director Director supervisor manager Director Director	Subsidiary- Russky H.K. Limited corporate representatives Hsin-Ming Kao Guo-Peng Ma Scott Lin Yi-Jung Li Hsin-Ming Kao Corporate representatives from other firms Shouhei Fukaya Osamu Watanabe	USD 603,000	80%
Chen Gao M&E Engineering (Shanghai) Co., Ltd.	 Chairman Director Director Supervisor General manager	Subsidiary- Russky H.K. Limited corporate representatives Yi-Jung Li Guo-Peng Ma Scott Lin De-Qing Li De-Qing Li	USD 200,000	100%

Company Name	Title (Note 1)	Name or representative	Shareholding (Note 2 and 3)	
			Number of shares or capital contributions	Shareholding ratios
MIC-Tech (Shanghai) Corp. Ltd.	Chairman Director Director General manager	Subsidiary- MIC-Tech Ventures Asia Pacific Inc. corporate representative Hsin-Ming Kao Scott Lin Guo-Peng Ma Hsin-Ming Kao	USD 8,241,000	100%
Fuzhou Jiwei System Integrated Co., Ltd.	Chairman Director Director General manager	Subsidiary- MIC-Tech Ventures Asia Pacific Inc.corporate representatives Hsin-Ming Kao Guo-Peng Ma Scott Lin Hsin-Ming Kao	USD 300,000	100%
MIC-Tech Electyonics Engineering Corp.	Chairman Director Director Supervisor	Subsidiary- MIC-Tech Ventures Asia Pacific Inc corporate representatives Hsin-Ming Kao Guo-Peng Ma Scott Lin Yi-Jung Li	USD 11,619,000	100%
MIC-Tech(WuXi) Co., Ltd.	Chairman Director Director Supervisor General manager	Subsidiary- MIC-Tech Ventures Asia Pacific Inc corporate representatives Hsin-Ming Kao Guo-Peng Ma Scott Lin Yi-Jung Li Hsin-Ming Kao	USD 25,500,000	100%
SKMIC (WuXi) CORP.	Director Director Supervisor Chairman	Subsidiary- MIC-Tech Ventures Asia Pacific Inc. corporate representatives Hsin-Ming Kao Scott Lin Dong-Xuan Song corporate representatives from other firms Ren-Shou Jin	USD 149,450	49%

<table>
<tr><td rowspan="2">Company Name</td><td>Title
(Note 1)</td><td rowspan="2">Name or representative</td><td colspan="2">Shareholding (Note 2 and 3)</td></tr>
<tr><td></td><td>Number of shares or capital contributions</td><td>Shareholding ratios</td></tr>
<tr><td>MIC-Tech China Trading (Shanghai)Co., Ltd</td><td>Chairman
Director

Director
Supervisor</td><td>Subsidiary-
MIC-Tech Ventures Asia Pacific Inc.corporate representatives
Hsin-Ming Kao
Scott Lin
Individual representative
Guo-Peng Ma
Yi-Jung Li</td><td>USD 1,500,000</td><td>100%</td></tr>
<tr><td>TPP-MIC Co., Limited</td><td>Director
Director</td><td>Subsidiary-
MIC-Tech Ventures Asia Pacific Inc.corporate representatives
Hsin-Ming Kao
Scott Lin</td><td>USD 180,000</td><td>60%</td></tr>
<tr><td>TPP-MIC (WuXi) Co., Ltd.</td><td>Chairman
Director
Director
Supervisor
General manager</td><td>Subsidiary-
Create New Technology corporate representatives
Fu-Jia Hou
Hsin-Ming Kao
Scott Lin
Guo-Peng Ma
Fu-Jia Hou</td><td>USD 180,000</td><td>60%</td></tr>
<tr><td>eZoom Information, Inc.</td><td>Director
Director
Director
Supervisor</td><td>Corporate representatives
Hsin-Ming Kao
Scott Lin
Yan-Shan Chuang
Guo-Peng Ma</td><td>3,400,000 shares</td><td>100%</td></tr>
</table>

Note 1: If the affiliated company is a foreign firm, list the person with the corresponding title.
Note 2: If the invested firm is a limited company, please fill in the number of shares and the shareholding ratios. For others, please fill in the paid in capital and the contribution ratio and provide explanation notes.
Note 3: When the directors and the supervisors are corporates, the related information of the representatives should be disclosed.

2. Operation profile of subsidiaries

(1) Financial position and operating results of the affiliated companies

Unit: NTD in thousands

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating (loss) gain	(Loss) gain of the period (after tax)	Earning per share (loss) (NTD) (after tax)
Marketech Integrated Pte. Ltd.	137,057	169,525	126,570	42,955	80,616	(49,432)	(51,646)	-
Market Go Profits Ltd.	1,078,287	1,301,288	-	1,301,288	-	(93)	(47,916)	-
Headquarter International Ltd.	40,808	41,821	338	41,483	2,710	617	133	-
Tiger United Finance Ltd.	44,638	41,078	500	40,578	2,566	281	(268)	-
MIC-Tech Global Corp.	13,373	10,950	3,848	7,102	42,499	(7,187)	(7,190)	-
MIC-Tech Viet Nam Co., Ltd.	41,145	61,153	19,799	41,354	83,648	7,680	7,802	-
Hoa Phong Marketech Co., Ltd.	31,650	20,283	1,042	19,241	596	(2,604)	(2,584)	-
Marketech Engineering Ptd. Ltd.	9,088	7,771	54	7,717	-	(349)	(1,424)	-
MIC-Tech Ventures Asia Pacific Inc.	1,046,558	1,510,858	240,208	1,270,650	335,270	39,881	(47,821)	-
Marketech International Sdn.Bhd.	6,437	26,143	22,423	3,720	6,181	(2,772)	(2,775)	-
Marketech Integrated Construction Co., Ltd.	9,495	8,444	554	7,890	-	(1,496)	(1,120)	-
Russky H.K. Limited	20,034	3,147	12,970	(9,823)	-	(34)	(105)	-
Shanghai Puritic Co., Ltd	12,660	43,044	56,268	(13,224)	57,477	1,791	415	-
ChenGao M&E Engineering (Shanghai) Co., Ltd.	6,330	142	2,533	(2,391)	-	(335)	(404)	-
MIC-Tech (Shanghai) Corp. Ltd.	260,828	1,141,159	820,623	320,536	1,524,673	8,761	2,446	-
Fuzhou Jiwei System Integrated Co., Ltd.	9,495	749	700	49	14,101	(580)	(616)	-
MIC-Tech Electronics Engineering Corp.	367,741	1,375,199	937,621	437,578	1,706,087	31,195	3,703	-
MIC-Tech(WuXi) Co., Ltd.	807,075	802,812	534,286	268,526	650,243	(33,836)	(59,953)	-
SKMIC (WuXi) CORP.	9,653	20,320	8,095	12,225	52,521	(317)	(161)	-
MIC-Tech China Trading (Shanghai)Co., Ltd	47,475	51,239	3,739	47,500	37,403	812	1,469	-
TPP-MIC Co., Limited	9,495	272	-	272	-	-	72	-
TPP-MIC (WuXi) Co., Ltd.	9,495	1,715	1,443	272	2,544	(242)	72	-
eZoom Information, Inc.	34,000	25,774	17,878	7,896	66,958	(10,160)	(10,100)	(2.97)

Note 1: If any of the above affiliated companies is foreign, the number should presented in NTD using the currency exchange rate of the report date.

Note 2: Earnings (loss) per share is calculated based on the number of shares outstanding of each company on December 31st, 2014.

(2) The consolidated financial statements of affiliated companies: The companies that should be included in the consolidated financial reports of affiliated companies based on "Consolidated operating report, financial statements and preparation

guidelines for affiliated companies" and the companies that should be included in the consolidated financial reports of subsidiaries based on "Consolidated and separate financial statements" of International Accounting Standards Section 27 are the same. The related information that should be disclosed in the consolidated financial statements of affiliated companies are also already disclosed in the consolidated financial reports for subsidiaries, so that the consolidated financial statements of affiliated companies will not be published separately. Please refer to the consolidated reports from page 195 to 280 of this annual report.

(3) Affiliation report: Not applicable.

2. Private Placement Securities in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report: None.

3. The Shares in the Company Held or Disposal of by subsidiaries in the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report: None.

4. Other Disclosures : None.

9. Any of the situations listed in Article 36, paragraph3,subparagraph 2 of the Securities and Exchange Act of Taiwan, which might materially affect Shareholders' Equity or the price of the Company 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.

MARKETECH INTERNATIONAL CORP.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2014 AND 2013

For the convenience of readers and for information purpose only, the accountants' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language accountants' report and financial statements shall prevail.

Marketech International Corp.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2014, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards 27. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Margaret Kao

February 26, 2015

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Marketech International Corp.

We have audited the accompanying consolidated balance sheets of Marketech International Corp. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. 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 Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards 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 to above present fairly, in all material respects, the consolidated financial position of Marketech International Corp. and subisdiaries as of December 31, 2014 and 2013, and the results of their consoliated financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the sperate financial statements of Marketech International Corp. as of and for the years ended December 31, 2014 and 2013, and have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

February 26, 2015

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2014 Amount	%	December 31, 2013 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6(1)	$ 1,628,171	14	$ 1,332,551	13
1110	Financial assets at fair value through profit or loss - current	6(2)	11,696	-	12,601	-
1125	Available-for-sale financial assets-current	6(3)	-	-	5,273	-
1150	Notes receivable, net		37,675	-	251,685	3
1170	Accounts receivable, net	6(4)(7)	3,092,035	26	2,506,677	25
1180	Accounts receivable- related parties, net	7	9,449	-	908	-
1190	Construction contracts receivable	6(7) and 7	2,354,614	20	1,529,990	15
1200	Other receivables		29,799	-	17,567	-
130X	Inventories, net	6(5)	1,852,959	16	1,862,180	18
1410	Prepayments	6(6)	573,960	5	350,510	4
1470	Other current assets	8	202,916	2	137,600	1
11XX	**Total current assets**		9,793,274	83	8,007,542	79
	Non-current assets					
1543	Financial assets at cost-non-current	6(8)	293,027	3	300,734	3
1550	Investments accounted for using equity method	6(9)	56,209	1	73,299	1
1600	Property, plant and equipment, net	6(10), 7 and 8	1,461,476	12	1,519,952	15
1780	Intangible assets	7	32,781	-	38,251	-
1840	Deferred tax assets	6(23)	101,109	1	84,061	1
1900	Other non-current assets	6(8)(10)	37,684	-	62,598	1
15XX	**Total non-current assets**		1,982,286	17	2,078,895	21
1XXX	**TOTAL ASSETS**		$ 11,775,560	100	$ 10,086,437	100

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(Expressed in thousands of New Taiwan dollars)

			December 31, 2014		December 31, 2013	
	LIABILITIES AND EQUITY	Notes	Amount	%	Amount	%
	Current Liabilities					
2100	Short-term borrowings	6(11) and 8	$ 953,806	8	$ 985,934	10
2150	Notes payable		807,648	7	578,318	6
2170	Accounts payable		3,359,079	29	2,427,885	24
2180	Accounts payable - related parties	7	23,836	-	10,978	-
2190	Construction contracts payable	6(7)	1,018,504	9	788,432	8
2200	Other payables	6(12)	395,090	3	405,612	4
2230	Current tax liabilities		74,251	1	47,001	-
2310	Advance receipts	6(13)	583,379	5	528,795	5
2399	Other current liabilities, others	6(14)	15,665	-	22,600	-
21XX	**Total current liabilities**		7,231,258	62	5,795,555	57
	Non-current liabilities					
2540	Long-term borrowings	6(14) and 8	2,930	-	4,517	-
2570	Deferred tax liabilities	6(23)	46,703	-	37,527	1
2600	Other non-current liabilities	6(15)	115,117	1	125,996	1
25XX	**Total non-current liabilities**		164,750	1	168,040	2
2XXX	**TOTAL LIABILITIES**		7,396,008	63	5,963,595	59
	Equity					
	Share capital	6(17)				
3110	Ordinary shares		1,650,698	14	1,650,568	16
	Capital surplus	6(18)				
3200	Capital surplus		616,354	5	616,276	6
	Retained earnings	6(19)				
3310	Legal reserve		490,931	4	468,670	5
3320	Special reserve		92,239	1	92,239	1
3350	Unappropriated retained earnings	6(23)	1,467,273	12	1,279,330	13
	Other equity					
3400	Other equity		57,963	1	12,215	-
31XX	**Total equity attributable to owners of parent**		4,375,458	37	4,119,298	41
36XX	**Non-controlling interests**		4,094	-	3,544	-
3XXX	**TOTAL EQUITY**		4,379,552	37	4,122,842	41
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
	TOTAL LIABILITIES AND EQUITY		$ 11,775,560	100	$ 10,086,437	100

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except earnings per share data)

			2014		2013	
		Notes	AMOUNT	%	AMOUNT	%
4000	**Operating Revenue**	6(20) and 7	$ 14,965,399	100	$ 14,042,274	100
5000	**Operating Costs**	6(5)(15)(22) and 7	(13,206,334)	(88)	(12,498,721)	(89)
5900	**Gross profit**		1,759,065	12	1,543,553	11
	Operating Expenses	6(15)(22)				
6100	Sales and marketing expenses		(436,251)	(3)	(443,885)	(3)
6200	General and administrative expenses		(673,029)	(5)	(696,611)	(5)
6300	Research and development expenses		(145,486)	(1)	(150,727)	(1)
6000	**Total operating expenses**		(1,254,766)	(9)	(1,291,223)	(9)
6900	**Operating income**		504,299	3	252,330	2
	Non-operating income and expenses					
7010	Other income		31,541	-	43,870	-
7020	Other (losses) gains	6(2)(3)(8)(21)	(22,617)	-	22,920	-
7050	Finance costs		(30,258)	-	(24,203)	-
7060	Share of loss of associates and joint ventures accounted for using equity method		(14,780)	-	(14,698)	-
7000	**Total non-operating income and expenses**		(36,114)	-	27,889	-
7900	**Profit before tax**		468,185	3	280,219	2
7950	Income tax expense	6(23)	(83,666)	-	(61,404)	-
8200	**Net income**		$ 384,519	3	$ 218,815	2
	Other comprehensive income					
8310	Exchange differences on translation		$ 56,156	-	$ 61,314	-
8325	Unrealised loss on valuation of available-for-sale financial assets	6(3)	(1,512)	-	(3,496)	-
8360	Actuarial gains on defined benefit plans	6(15)	9,267	-	25,834	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method		911	-	1,056	-
8399	Income tax relating to components of other comprehensive income	6(23)	(11,262)	-	(14,941)	-
8300	**Other comprehensive income, net of tax**		$ 53,560	-	$ 69,767	-
8500	**Total comprehensive income**		$ 438,079	3	$ 288,582	2
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 384,545	3	$ 222,615	2
8620	Non-controlling interests		($ 26)	-	($ 3,800)	-
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 437,984	3	$ 292,058	2
8720	Non-controlling interests		$ 95	-	($ 3,476)	-
9750	**Basic earnings per share**	6(24)	$	2.33	$	1.35
9850	**Diluted earnings per share**	6(24)	$	2.30	$	1.34

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
			Capital surplus		Retained earnings			Other equity interest				
	Notes	Share capital – ordinary shares	Capital surplus－share premium	Capital surplus－others	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interests	Total equity
2013												
Balance at January 1, 2013		$ 1,645,778	$ 612,811	$ 366	$ 442,729	$ 92,239	$ 1,226,039	($ 40,794)	$ 5,008	$ 3,984,176	$ 11,012	$ 3,995,188
Appropriation and distribution of earnings for 2012:	6(19)											
Legal reserve		-	-	-	25,941	-	(25,941)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(164,578)	-	-	(164,578)	-	(164,578)
Changes in equity of associates and joint ventures accounted for using equity method	6(18)	-	-	(15)	-	-	(247)	-	-	(262)	-	(262)
Share-based payment	6(16)(17)(18)	4,790	3,114	-	-	-	-	-	-	7,904	-	7,904
Profit (loss) for 2013		-	-	-	-	-	222,615	-	-	222,615	(3,800)	218,815
Other comprehensive income for 2013		-	-	-	-	-	21,442	51,497	(3,496)	69,443	324	69,767
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	(3,992)	(3,992)
Balance at December 31, 2013		$ 1,650,568	$ 615,925	$ 351	$ 468,670	$ 92,239	$ 1,279,330	$ 10,703	$ 1,512	$ 4,119,298	$ 3,544	$ 4,122,842
2014												
Balance at January 1, 2014		$ 1,650,568	$ 615,925	$ 351	$ 468,670	$ 92,239	$ 1,279,330	$ 10,703	$ 1,512	$ 4,119,298	$ 3,544	$ 4,122,842
Appropriation and distribution of earnings for 2013:	6(19)											
Legal reserve		-	-	-	22,261	-	(22,261)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(181,562)	-	-	(181,562)	-	(181,562)
Changes in equity of associates and joint ventures accounted for using equity method		-	-	-	-	-	(470)	-	-	(470)	-	(470)
Share-based payment	6(16)(17)(18)	130	78	-	-	-	-	-	-	208	-	208
Profit for 2014		-	-	-	-	-	384,545	-	-	384,545	(26)	384,519
Other comprehensive income for 2014		-	-	-	-	-	7,691	47,260	(1,512)	53,439	121	53,560
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	455	455
Balance at December 31, 2014		$ 1,650,698	$ 616,003	$ 351	$ 490,931	$ 92,239	$ 1,467,273	$ 57,963	$ -	$ 4,375,458	$ 4,094	$ 4,379,552

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 468,185	$ 280,219
Adjustments			
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities			
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	(3,822)	(821)
Provision for bad debt expense	12	18,089	53,566
Share of loss of associates and joint ventures accounted for using equity method		14,780	14,698
Loss (gain) on disposal of investments	6(21)	4,012	(5,047)
Depreciation	6(10)(22)	108,487	109,209
Amortisation	6(22)	21,527	15,319
Loss on disposal of property, plant and equipment		653	540
Impairment loss on financial assets	6(21)	23,234	12,995
Impairment loss on non-financial assets	6(21)	-	623
Interest income		(3,145)	(2,332)
Dividend income		(7,652)	(6,446)
Interest expense		30,258	24,203
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets measured at fair value through profit or loss – current		4,727	-
Notes receivable, net		214,010	(55,503)
Accounts receivable, net		(564,024)	(71,336)
Accounts receivable – related parties, net		(8,626)	655
Construction contracts receivable		(824,619)	(472,787)
Other receivables		(7,095)	(2,054)
Inventories		29,985	(311,651)
Prepayments		(222,346)	(30,530)
Other current assets		(28,270)	32,842
Net changes in liabilities relating to operating activities			
Notes payable		229,330	146,049
Accounts payable		896,054	96,837
Accounts payable – related parties		12,858	(11,071)
Construction contracts payable		230,072	(125,499)
Other payables		(18,782)	129,644
Advance receipts		54,584	13,670
Other current liabilities – others		(6,958)	5,955
Other non-current liabilities		(1,526)	(1,056)
Cash inflow (outflow) generated from operations		663,980	(159,109)
Interest received		2,980	2,283
Dividends received		7,652	6,446
Interest paid		(31,343)	(21,616)
Income tax paid		(75,554)	(57,898)
Net cash provided by (used in) operating activities		567,715	(229,894)

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Notes	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets – current		$ 5,503	$ 11,749
Increase in other financial assets－current		(22,558)	(5,365)
Acquisition of financial assets measured at cost – non-current		-	(31,042)
Proceeds from capital reduction of financial assets measured at cost – non-current		497	2,640
Acquisition of investments accounted for using equity method		(4,915)	-
Net cash flow from acquisition of subsidiaries		1,045	-
Acquisition of property, plant and equipment	6(10)	(42,146)	(209,384)
Proceeds from disposal of property, plant and equipment		2,773	1,440
Acquisition of intangible assets		(15,247)	(39,105)
Increase in refundable deposits		(5,273)	(16,568)
Increase in prepayments for investments	6(8)	-	(16,024)
Net cash used in investing activities		(80,321)	(301,659)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(63,121)	612,906
Increase in long-term borrowings		-	150,000
Repayment of long-term borrowings		(807)	(151,558)
Decrease in guarantee deposits received		(86)	(2)
Proceeds from exercise of employee stock options		208	7,904
Cash dividends paid	6(19)	(181,562)	(164,578)
Changes in non-controlling interests		455	(3,992)
Net cash provided by (used in) financing activities		(244,913)	450,680
Effect of exchange rate changes on cash and cash equivalents		53,139	39,918
Net increase (decrease) in cash and cash equivalents		295,620	(40,955)
Cash and cash equivalents at beginning of year	6(1)	1,332,551	1,373,506
Cash and cash equivalents at end of year	6(1)	$ 1,628,171	$ 1,332,551

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

ORGANIZATION AND OPERATIONS

Marketech International Corp. (the “Company”) was incorporated in the Republic of China (ROC) on December 27, 1988. On October 17, 2002, the Company’s common shares was officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares was transferred to be listed on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as“ the Group”) are mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical and computer equipment and materials, chemicals, gas, components; (ii) factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitor system, Turn-key and Hook-up Project and (iii)design and manufacturing of customized equipment.

THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The consolidated financial statements were approved and authorized for issuance by the Board of Directors on February 24, 2015.

APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

None.

Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (excluding IFRS 9, ‘Financial instruments’) as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers " effective January 1, 2015 (collectively referred herein as the “2013 version of IFRSs”) in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendments to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendments to IFRS 1)	July 1, 2011
Government loans (amendments to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendments to IFRS 7)	July 1, 2011
Disclosures－Offsetting of financial assets and financial liabilities (amendments to IFRS 7)	January 1, 2013
IFRS 10, 'Consolidated financial statements'	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11,'Joint arrangements'	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendments to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendments to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28,'Investments in associates and joint ventures' (as amended in 2011)	January 1, 2013
Offsetting of financial assets and financial liabilities (amendments to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

Based on the Group's assessment, the adoption of the 2013 version of IFRSs will not have significant impact on the consolidated financial statements of the Group, except for the following:

A.IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in other comprehensive income (OCI) classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

B.IFRS 10, ‘Consolidated financial statements’

The standard replaces the requirements relating to consolidated financial statements in IAS 27, ‘Consolidated and separate financial statements’ and IAS 27 therefore is renamed ‘Separate financial statements’; the standard also supersedes requirements in SIC-12, ‘Consolidation-special purpose entities’. The standard defines the principle of control that an investor controls an investee if and only if the investor has all three elements of control. The Group changes the definition of control in accordance with the standard.

C.IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D.IFRS 13, ‘Fair value measurement’

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. Also, the standard requires disclosures about fair value measurements. Based on the Group’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

E.IAS 19 (revised), ‘Employee benefits’

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service cost will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognised in other comprehensive income. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity’s future cash flows.

The Group estimates net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. Operating expenses would be decreased by $257, other comprehensive income would be decreased by $257 and income tax expense would be increased by $44 for the year ended December 31, 2014.

IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by International Accounting Standards Board (Note1)
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016 (Note4)
'Investment Entities: Applying the consolidation exception' (IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014 (Note2)
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016 (Note3)

The Group is assessing the potential impact of the new, revised or amended standards and interpretations above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

Note 1: The aforementioned new, revised or amended standards or interpretations are effective after fiscal year beginning on or after the effective dates, unless specified otherwise.

Note 2: The amendment prospectively applies to share-based payment transactions for which the grant date is on or after 1 July 2014; the amendments apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014; the amendment of IFRS13 is effective when the amendment is issued ; the remaining amendments are effective for annual periods beginning on or after 1 January 2016.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 10 and IFRS28 are applied prospectively to changes in a method disposal that occur in annual periods beginning on or after January 1, 2016.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

Basis of preparation

A.Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a)Financial assets and financial liabilities at fair value through profit or loss.

(b)Available-for-sale financial assets measured at fair value.

(c)Liabilities on cash-settled share-based payment arrangements measured at fair value.

(d)Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation.

B.The preparation of financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Basis of consolidation

A.The basis for preparation of consolidated financial statements：

(a)All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(b)Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c)Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d)Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e)When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B.The subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%) December 31, 2014	December 31, 2013	Note
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Contracting for semiconductor automatic supply system	100	100	-
Marketech International Corp.	Headquarter International Ltd.	Investment holding and reinvestment	100	100	-
Marketech International Corp.	Tiger United Finance Ltd.	Investment holding and reinvestment	100	100	-
Marketech International Corp.	Market Go Profits Ltd.	Investment holding and reinvestment	100	100	-
Marketech International Corp.	MIC-Tech Global Corp.	International trade	100	100	-
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Trading, installation and repair of various machinery equipment and its peripherals	100	100	-
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Contracting for electrical installing construction	100	-	-
Marketech International Corp.	eZoom Information, Inc.	Research, trading and consulting of information system software and hardware appliance	100	100	-
Marketech International Corp.	Hoa Phong Marketech Co., Ltd.	Specialized contracting and related repair services	100	40	Note 2
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Investment holding and reinvestment	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Russky H.K. Limited	Investment holding and reinvestment	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	TPP-MIC Co., Limited	Investment holding and reinvestment	60	60	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%) December 31, 2014	December 31, 2013	Note
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (WuXi) Co., Ltd.	Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembling of wrapping device and cooling equipment; assembling of barbecue grill; wholesale, commission agency and import and export of the aforementioned products and their components; lease of self-owned plants	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (Shanghai) Corp. Ltd.	Wholesale, commission agency, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%) December 31, 2014	Percentage of Ownership (%) December 31, 2013	Note
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	General contracting for electrical installing construction; specialized contracting for electrical installing construction; specialized contracting for electronic engineering; specialized contracting for petroleum and chemical equipment installation; specialized contracting for channel and guarantee for post construction; consulting service for related construction technology	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	SKMIC(WUXI) Corp.	Design and installation of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment	49	49	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%) December 31, 2014	Percentage of Ownership (%) December 31, 2013	Note
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products, semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity; international and entrepot trade, trading and trading agency among enterprises in customs bonded area; consulting service for trading	100	100	-
Russky H.K. Limited	Shanghai Puritic Co., Ltd.	Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers; consulting service for electrical and medical equipment	80	80	-
Russky H.K. Limited	ChenGao M&E Engineering（Shanghai）Co., Ltd.	Design of microelectronic products and display devices; consulting service for related technology and management	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership(%) December 31, 2014	Percentage of Ownership(%) December 31, 2013	Note
TPP-MIC Co., Limited	TPP-MIC (WuXi) Co., Ltd.	Technology and repairmen service of semiconductor equipment; self-operation and agency of import and export of various goods and technology	100	100	-
Marketech Integrated Pte Ltd.	Marketech International Sdn. Bhd.	Contracting for Semiconductor automatic supply system	100	100	-
Marketech Engineering Pte. Ltd.	Marketech Integrated Construction Co., Ltd.	Specialized contracting for electrical installing construction	95	-	-

Note 1: The Company holds less than 50% share ownership in its subsidiary - SKMIC(WUXI) Corp., however, as the definition of control is met, the subsidiary is included in the consolidated entities.

Note 2: The Company originally held 40% share ownership of Hoa Phong Marketech Co., Ltd. (Hoa Phong MIC). The stockholders who held the remaining 60% of share ownership surrendered their shares in August 2014 and registered the change in October 2014. As the Company holds all voting rights in Hoa Phong MIC, it is included in the consolidated entities.

C.Subsidiaries not included in the consolidated financial statements: None.

D.Adjustments for subsidiaries with different balance sheet dates: None.

E.Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars(NTD), which is the Company's functional and the Group's presentation currency.

A.Foreign currency transactions and balances

(a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) Foreign exchange gains and loss based on the nature of those transactions are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

Classification of current and non-current items

A.Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a)Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b)Assets held mainly for trading purposes;

(c)Assets that are expected to be realised within twelve months from the balance sheet date;

(d)Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B.Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a)Liabilities that are expected to be paid off within the normal operating cycle;

(b)Liabilities arising mainly from trading activities;

(c)Liabilities that are to be paid off within twelve months from the balance sheet date;

(d)Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

C.Assets and liabilities relating of undertaking construction are classified as a current and non-current based on operating cycle.

Cash and cash equivalents

A.Cash and cash equivalents include petty cash, bank deposits and other short-term and highly liquid investments in the consolidated statements of cash flows.

B.Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

B. On a regular way purchase or sale basis, financial assets held for trading, except for beneficiary certificates, are recognised and derecognised using settlement date accounting. Others are recognised and derecognised using trade date accounting. Financial assets initially designed at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

Notes and accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss.

Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset directly.

(c) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset directly.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

Inventories

The perpetual inventory system is adopted for inventory recognition. Cost is the basis for recognition and is determind using the weighted-average method. Costs include acquisition, manufacturing or processing costs to make inventories available for sale or use. These exclude borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value for the measure of the ending inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

Construction contracts

A. IAS 11, 'Construction Contracts', defines a construction contract as a contract specifically negotiated for the construction of an asset. If the outcome of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract. An expected loss where total contract costs will exceed total contract revenue on a construction contract should be recognised as an expense as soon as such loss is probable. If the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognised only to the extent of contract costs incurred that it is probable will be recoverable.

B. Contract revenue should include the revenue arising from variations from the original contract work, claims and incentive payments that are agreed by the customer and can be measured reliably.

C. The excess of the cumulative costs incurred plus recognised profits (less recognised losses) over the progress billings on each construction contract is presented as an asset within ‘Construction contracts receivable’. While, the excess of the progress billings over the cumulative costs incurred plus recognised profits (less recognised losses) on each construction contract is presented as a liability within ‘Construction contracts payable’.

Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group’s ownership percentage of the associate, the Group recognises change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	4～55 years
Machinery and office equipment	3～15 years
Other equipment	2～8 years

Leases (leasee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

B. Trademarks

Trademarks are acquired in a business combination.

C. Other intangible assets

Other intangible assets are technology royalties which are stated at cost and amortised on a straight-line basis over the contract duration.

Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. Goodwill is evaluated annually and is recorded as cost less impairment loss. Impairment loss of goodwill shall not be reversed.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognised at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortisation and the best estimate of the amount required to settle the present obligation on each balance sheet date.

Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a)Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plans

i. Defined benefit plans are non-defined contribution plans. Pension benefit amount from defined benefit plans is collected at retirement and is based on one or more factors such as age, service duration and salary. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

C. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the non-consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

Revenue recognition

A. Construction revenue

Details of construction revenue are provided in Note 4(13).

B. Sales of goods

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods (products) to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods (products) is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods (products) sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group’s chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements require management to make critical judgements in applying the Group’s accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Construction contract

The Group recognises contract revenue and profit based on management’s evaluation to contract profit and percentage of completion. Management examines and corrects the contract profit and cost during execution of the contract. The actual result of the total profit and cost may be higher or lower than the estimation, and the effect is recognised in revenue and profit.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

DETAILS OF SIGNIFICANTACCOUNTS

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand	$ 16,917	$ 15,612
Checking accounts and demand deposits	1,610,648	1,316,477
Time deposits	606	462
Total	$ 1,628,171	$ 1,332,551

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The details of cash and cash equivalents pledged to others are shown in Note 8.

(2) Financial assets at fair value through profit or loss – current

	December 31, 2014	December 31, 2013
Current items:		
Financial assets held for trading		
Listed stocks	$ 14,192	$ 17,229
Valuation adjustment of financial assets held for sale	(2,496)	(4,628)
Total	$ 11,696	$ 12,601

A. The Group recognised net gain of $3,822 and $821 on financial assets held for trading for the years ended December 31, 2014 and 2013, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets – current

	December 31, 2014	December 31, 2013
Current items:		
Listed stocks	$ -	$ 3,761
Valuation adjustment of financial assets held for sale	-	1,512
Total	$ -	$ 5,273

A. The Group recognised gain of $1,742 and $5,047 on disposal of investments for disposing available-for-sale financial assets in 2014 and 2013, respectively.

B. The Group recognised unrealised valuation loss of $1,512 and $3,496 on available-for-sale financial assets in other comprehensive income for changes in fair value in 2014 and 2013, respectively.

C. The Group has no available-for-sale financial assets pledged to others.

(4) Accounts receivable

	December 31, 2014	December 31, 2013
Accounts receivable	$ 3,402,422	$ 2,811,607
Less: allowance for bad debts	(310,387)	(304,930)
	$ 3,092,035	$ 2,506,677

A. The maximum exposure to credit risk at December 31, 2014 and 2013 was the carrying amount of each class of accounts receivable.

B. The Group does not hold any collateral as security.

(5) Inventories

	December 31, 2014		
	Cost	Allowance for valuation loss and loss for obsolete and slow-moving inventories	Book value
Materials	$ 314,478	($ 20,657)	$ 293,821
Merchandise inventory	672,662	(48,779)	623,883
Raw materials	356,276	(14,250)	342,026
Supplies	20,568	(1,628)	18,940
Work in process	434,570	(8,745)	425,825
Semi-finished goods and finished goods	158,069	(9,605)	148,464
Total	$ 1,956,623	($ 103,664)	$ 1,852,959

	December 31, 2013		
	Cost	Allowance for valuation loss and loss for obsolete and slow-moving inventories	Book value
Materials	$ 274,853	($ 9,681)	$ 265,172
Merchandise inventory	791,352	(63,748)	727,604
Raw materials	293,132	(15,351)	277,781
Supplies	23,419	(1,710)	21,709
Work in process	346,544	(26,451)	320,093
Semi-finished goods and finished goods	257,035	(7,214)	249,821
Total	$ 1,986,335	($ 124,155)	$ 1,862,180

Relevant expenses of inventories recognised as operating costs for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Construction cost	$ 7,454,592	$ 6,745,500
Cost of sales	5,202,618	5,210,531
Other operating cost	570,740	514,131
(Gain on reversal of) valuation loss and loss for market value decline and obsolete and slow-moving inventories (Note)	(21,616)	28,559
Total	$ 13,206,334	$ 12,498,721

Note: The gain on reversal was due to the Group's recognition of impairment loss on inventories when the related inventory items were scrapped or sold.

The Group has no inventories pledged to others.

(6) Prepayments

	December 31,	
	2014	2013
Prepayment for purchases	$ 562,429	$ 329,859
Others	11,531	20,651
Total	$ 573,960	$ 350,510

(7) Construction contracts receivable / payable

	December 31, 2014	December 31, 2013
Aggregate costs incurred plus recognised profits (less recognised losses)	$ 15,134,073	$ 11,912,352
Less: progress billings	(13,797,963)	(11,170,794)
Net balance sheet position for construction in progress	$ 1,336,110	$ 741,558
Presented as:		
Construction contracts receivable	$ 2,354,614	$ 1,529,990
Construction contracts payable	(1,018,504)	(788,432)
	$ 1,336,110	$ 741,558
Retentions relating to construction contracts	$ 35,355	$ 14,888
Advances received before the related construction work is performed	$ 62,031	$ 113,253

(8) Financial assets measured at cost – non-current/ prepayments to long-term investments

	December 31, 2014	December 31, 2013
Non-current items:		
Taiwan Intelligent Fiber Optic Network Co., Ltd.	$ 44,024	$ 28,000
Ares Green Technology Corp.	43,481	43,481
Taiwan Puritic Corp.	39,287	39,287
Calitech Co., Ltd.	38,675	38,675
VEEV Interactive Pte. Ltd.	25,243	28,243
H&D Venture Capital Investment Corp.	20,000	20,000
Civil Tech Pte. Ltd.	19,500	19,500
ProbeLeader Co., Ltd.	14,490	14,490
H&H Venture Capital Investment Corp.	12,000	12,000
IP Fund Six Co., Ltd.	10,000	10,000
SOPOWER Technology Corp.	4,500	19,500
Others (companies with each not exceeding $10,000)	21,827	27,558
Total	$ 293,027	$ 300,734
Prepayments to long-term investments (listed as 'other non-current assets')		
Taiwan Intelligent Fiber Optic Network Co., Ltd.	$ -	$ 16,024

A. According to the Group's investment purpose, the abovementioned stocks held by the Group shall be classified as 'available-for-sale financial assets'. However, as the stocks are not traded in an active market, and no sufficient industry information of companies similar to the abovementioned companies can be obtained, the fair value of the stocks cannot be measured reliably. The Group classified those stocks as 'financial assets measured at cost – non-current'.

B. The ending balances of SOPOWER Technology Corp. for the year ended December 31, 2014 were assessed to decline dramatically and would be lower than the original investment cost. Therefore, impairment loss of $15,000 was recognised on equity investment.

C. The ending balances of SOPOWER Technology Corp. for the year ended December 31, 2013 were assessed to decline dramatically and would be lower than the original investment cost. Therefore, impairment loss of $10,500 was recognised on equity investment.

D. The Group has no financial assets measured at cost pledged to others.

(9) Investments accounted for using equity method

A. Details of investments accounted for using equity method:

	December 31, 2014		December 31, 2013	
	Carrying amount	% interest held	Carrying amount	% interest held
Glory Technology Service Inc.	$ 29,082	40%	$ 25,918	40%
MICT International Limited	12,632	50%	18,059	50%
Leader Fortune Enterprise Co., Ltd.	7,546	31.43%	8,648	31.43%
Frontken MIC Co. Limited	4,565	40%	9,199	40%
MIC Techno Co., Ltd.	2,069	20%	2,325	20%
True Victor International Limited	315	38.57%	804	38.57%
Hoa Phong Marketech Co., Ltd.(Note)	-	-	8,346	40%
Total	$ 56,209		$ 73,299	

Note:The Group originally held 40% share ownership of Hoa Phong Marketech Co., Ltd. (Hoa Phong MIC). The stockholders who held the remaining 60% of share ownership surrendered their shares in August 2014 and registered the change in October 2014. As the Group holds all voting rights in Hoa Phong MIC, it is included in the consolidated entities. Details are provided in Note 6(26).

B. Associates

The financial information of the Group's principal associates is summarized below:

	Assets	Liabilities	Revenue	Profit/(Loss)
December 31, 2014	$ 341,677	$ 198,345	$ 250,462	($ 33,855)
December 31, 2013	$ 388,291	$ 220,841	$ 228,320	($ 32,865)

(10) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
At January 1, 2014						
Cost	$ 205,438	$ 1,761,682	$ 627,643	$ 171,113	$ 22,199	$ 2,788,075
Accumulated depreciation	-	(620,661)	(501,127)	(131,293)	(15,042)	(1,268,123)
Book value	$ 205,438	$ 1,141,021	$ 126,516	$ 39,820	$ 7,157	$ 1,519,952
2014						
Opening net book amount	$ 205,438	$ 1,141,021	$ 126,516	$ 39,820	$ 7,157	$ 1,519,952
Additions	-	3,445	12,487	13,061	13,153	42,146
Acquired from business combination	-	-	-	140	239	379
Disposals	-	-	(2,474)	(857)	(95)	(3,426)
Depreciation charges	-	(66,367)	(27,106)	(14,269)	(745)	(108,487)
Net exchange differences	-	8,788	1,567	481	76	10,912
Closing net book amount	$ 205,438	$ 1,086,887	$ 110,990	$ 38,376	$ 19,785	$ 1,461,476
At December 31, 2014						
Cost	$ 205,438	$ 1,780,749	$ 612,043	$ 169,741	$ 34,703	$ 2,802,674
Accumulated depreciation	-	(693,862)	(501,053)	(131,365)	(14,918)	(1,341,198)
Book value	$ 205,438	$ 1,086,887	$ 110,990	$ 38,376	$ 19,785	$ 1,461,476

	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
At January 1, 2013						
Cost	$ 135,801	$ 1,632,545	$ 615,008	$ 165,795	$ 23,813	$ 2,572,962
Accumulated depreciation	-	(547,551)	(473,567)	(129,291)	(15,637)	(1,166,046)
Book value	$ 135,801	$ 1,084,994	$ 141,441	$ 36,504	$ 8,176	$ 1,406,916
2013						
Opening net book amount	$ 135,801	$ 1,084,994	$ 141,441	$ 36,504	$ 8,176	$ 1,406,916
Additions	-	16,367	6,655	16,157	7,212	46,391
Transfers (Note)	69,637	95,539	4,994	(79)	(7,098)	162,993
Disposals	-	-	(544)	(1,246)	(192)	(1,982)
Depreciation charges	-	(66,766)	(29,141)	(12,336)	(966)	(109,209)
Net exchange differences	-	10,887	3,111	820	25	14,843
Closing net book amount	$ 205,438	$ 1,141,021	$ 126,516	$ 39,820	$ 7,157	$ 1,519,952
At December 31, 2013						
Cost	$ 205,438	$ 1,761,682	$ 627,643	$ 171,113	$ 22,199	$ 2,788,075
Accumulated depreciation	-	(620,661)	(501,127)	(131,293)	(15,042)	(1,268,123)
Book value	$ 205,438	$ 1,141,021	$ 126,516	$ 39,820	$ 7,157	$ 1,519,952

Note:Transfers are transferred from prepayments for equipment (listed as ‘other non-current assets’).

A. The Group has no interest capitalised to property, plant and equipment.

B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(11) Short-term borrowings

	December 31, 2014	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowing	$ 864,869	1.1%～7.28%	None
Mortgage loan	88,937	1.19%～7.2%	Buildings and time deposits
	$ 953,806		

	December 31, 2013	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowing	$ 807,102	1.62%～7.28%	None
Mortgage loan	178,832	1.13%～6.9%	Buildings and time deposits
	$ 985,934		

Details of mortgage loan are provided in Note 8.

(12) Other payables

	December 31, 2014	December 31, 2013
Salaries and bonus payable	$ 289,054	$ 287,081
Accrued employees' bonus and directors' and supervisors' remuneration	38,221	27,016
Others	67,815	91,515
Total	$ 395,090	$ 405,612

(13) Advance receipts

	December 31, 2014	December 31, 2013
Sales revenue received in advance	$ 535,760	$ 461,349
Others	47,619	67,446
Total	$ 583,379	$ 528,795

(14) Long-term borrowings

		Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2014
Bank borrowings					
	Mortgage loan	Borrowing period is from August 20, 2007 to August 20, 2017; interest is repayable monthly; principal is repayable from January 2008.	1.75%	Buildings	$ 4,576
	Less:current portion (listed as other current liabilities-others)				(1,646)
					$ 2,930

		Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2013
Bank borrowings					
	Mortgage loan	Borrowing period is from August 20, 2007 to August 20, 2017; interest is repayable monthly; principal is repayable from January 2008.	1.35~5%	Buildings	$ 6,104
	Less:current portion (listed as other current liabilities-others)				(1,587)
					$ 4,517

A. The Group has no long-term bank borrowings with interest that was past due.

B. The Group has not signed any unsecured borrowing facility contract which requires the Group to meet specified levels for certain financial ratios as per financial statements.

C. The Group has the following undrawn borrowing facilities:

	December 31, 2014	December 31, 2013
Floating rate:		
Expiring beyond one year	$ 900,000	$ 900,000
Fixed rate:		
Expiring beyond one year	10,266	8,515
	$ 910,266	$ 908,515

D. Details of pledged assets are provided in Note 8.

(15) Pensions

A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are determined as follows:

	December 31,	
	2014	2013
Present value of defined benefit obligations	$ 221,827	$ 225,998
Fair value of plan assets	(106,710)	(100,089)
Net liability in the balance sheet (listed as 'other non-current liabilities')	$ 115,117	$ 125,909

(c) Changes in present value of funded obligations are as follows:

	Years ended December 31,	
	2014	2013
Present value of defined benefit obligations at January 1	($ 225,998)	($ 251,427)
Current service cost	(1,402)	(1,469)
Interest cost	(4,513)	(3,930)
Actuarial profit	8,687	26,346
Settlement	1,399	4,482
Present value of defined benefit obligations at December 31	($ 221,827)	($ 225,998)

(d) Changes in fair value of plan assets are as follows:

	Years ended December 31,	
	2014	2013
Fair value of plan assets at January 1	$ 100,089	$ 98,627
Expected return on plan assets	1,800	1,763
Profit (loss) on plan assets	580	(512)
Employer contributions	5,446	5,688
Settlement	(1,205)	(5,477)
Fair value of plan assets at December 31	$ 106,710	$ 100,089

(e) Amounts of expenses recognised in comprehensive income statements are as follows:

	Years ended December 31,	
	2014	2013
Current service cost	$ 1,402	$ 1,469
Interest cost	4,513	3,930
Expected return on plan assets	(1,800)	(1,763)
Settlement loss	(194)	996
Current pension costs	$ 3,921	$ 4,632

Details of abovementioned pension costs recognised as cost and expenses in comprehensive income statements are as follows:

	Years ended December 31,	
	2014	2013
Operating costs	$ 1,681	$ 1,968
Sales and marketing expenses	529	645
General and administrative expenses	1,477	1,732
Research and development expenses	234	287
	$ 3,921	$ 4,632

(f) Amounts recognised under other comprehensive income in the statements of comprehensive income are as follows:

	Years ended December 31,	
	2014	2013
Recognition for current period	($ 9,267)	($ 25,834)
Accumulated amount	($ 19,306)	($ 10,039)

(g) The Bank of Taiwan was commissioned to manage the Fund of the Company’s defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund’s minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

For the years ended December 31, 2014 and 2013, the Company and domestic subsidiaries’ actual returns on plan assets were $2,380 and $1,251, respectively.

(h) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2014	2013
Discount rate	2.00%	2.00%
Future salary increases	2.00%	2.50%
Expected return on plan assets	1.75%	1.75%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(i) Historical information of experience adjustments was as follows:

	Years ended December 31,		
	2014	2013	2012
Present value of defined benefit obligations	($ 221,826)	($ 225,998)	($ 251,426)
Fair value of plan assets	106,709	100,089	98,627
Deficit in the plan	($ 115,117)	($ 125,909)	($ 152,799)
Experience adjustments on plan liabilities	$ 8,687	$ 26,346	($ 14,797)
Experience adjustments on plan assets	$ 580	($ 512)	($ 998)

(j) Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2014 amounts to $6,228.

B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) Certain overseas subsidiaries have a defined contribution plan. Contributions to an independent fund are based on certain percentage of employees' monthly salaries and wages and are recognised as pension cost. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2014 and 2013 were $78,566 and $75,763, respectively.

(16) Share-based payment

The Company's compensatory stock options are set at the closing price of the Company's ordinary shares at December 31, 2007 and June 13, 2008. After the issuance of stock options, if the amount of the Company's ordinary shares is changed, the price of stock options shall be adjusted according to the specified formula. The stock option life is 6 years, 50% can be vested after 2 years' service; 70% can be vested after 3 years' service; and 100% can be vested after 4 years' service.

A. Details of the share-based payment arrangements are as follows:

	Years ended December 31,			
	2014		2013	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	130	$ 16.00	1,943	$ 16.47
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options exercised	(13)	16.00	(479)	16.50
Options forfeited	(117)	16.00	(1,334)	16.50
Options outstanding at end of the year	-	(Note)	130	16.00
Options exercisable at end of the year	-	(Note)	130	16.00

Note: The Company's compensatory stock options were all expired on June 12, 2014.

B. The weighted-average stock price of stock options at exercise dates for the period from January 1, 2014 to June 12, 2014 and for the year ended December 31, 2013 was $21.95 (in dollars) and $18.23 (in dollars), respectively.

(17) Share capital

A. To increase the Company's working capital, the Company has exercised employees' stock options during 2014 and 2013. The capital increase was approved by the Financial Supervisory Commission (FSC). The registration was completed in April 2014 and April 2013.

B. As of December 31, 2014, the Company's authorized capital was $2,500,000, consisting of 250,000 thousand shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was $1,650,698 with a par value of $10 (in dollars) per share amounting to 165,069,756 shares. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2014	2013
At January 1	165,056,756	164,577,756
Share-based payment	13,000	479,000
At December 31	165,069,756	165,056,756

C. On December 24, 2014, the Board of Directors have resolved to issue employee stock options of 4,000 thousand units. The subscription price of employee stock options on the issuance date was based on the closing price of the Company's ordinary shares. As of February 26, 2015, the employee stock options have not been approved by the Competent Authority.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Details of and movements in capital surplus are as follows:

	Year of 2014				
	Share premium	Changes in equity of associates and joint ventures accounted for using equity method	Employee stock options	Expired stock options	Total
At January 1, 2014	$ 615,925	$ -	$ 351	$ -	$616,276
Employee stock options exercised	78	-	-	-	78
Unexercised employee stock options that were past due and transferred to expired options	-	-	(351)	351	-
At December 31, 2014	$ 616,003	$ -	$ -	$ 351	$616,354

	Year of 2013				
	Share premium	Changes in equity of associates and joint ventures accounted for using equity method	Employee stock options	Expired stock options	Total
At January 1, 2013	$612,811	$ 15	$ 351	$ -	$613,177
Employee stock options exercised	3,114	-	-	-	3,114
Changes in net equity of associates and joint ventures accounted for using equity method	-	(15)	-	-	(15)
At December 31, 2013	$615,925	$ -	$ 351	$ -	$616,276

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, 1% shall be appropriated as the directors' and supervisors' remuneration and 1%~15% shall be appropriated as the employees' bonus. The remaining along with the prior years' unappropriated earnings are resolved by the Board of Directors and proposed to the stockholders for appropriation or reserve. However, appropriation of legal reserve is not included as the amount of accumulated legal reserve equals the Company's total capital.

B. The Company's dividend policy is summarized below: as to react to the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure are the principles and distribution of dividends shall not exceed 50% of the stock dividend distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D.(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Firms No.

1010012865, dated April 6, 2013, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. For the years ended December 31, 2014 and 2013, employees' bonus and directors' and supervisors' remuneration are accrued as follows:

	2014	2013
Employees' bonus	$ 34,715	$ 24,919
Directors' and supervisors' remuneration	3,506	2,097
	$ 38,221	$ 27,016

Employees' bonus and directors' and supervisors' remuneration of 2014 and 2013 were accrued based on pre-audited earnings of 2014 and 2013, as well as legal reserve and others. The basic accrual is within the percentage stated in the Company's Articles of Incorporation (10% for employees' bonus and 1% for directors' and supervisors' remuneration for both 2014 and 2013). The calculation of bonus distributed for stocks is based on the closing price at one day before the annual stockholders' meeting and considers the effect of ex-right and ex-dividend. Bonus distribution is recognised as operating expense. However, if the amount differs from the actual appropriation amount approved by the stockholders, the difference is recognised as profit or loss for the years of stockholders' approval.

F.(a) Details of 2013 and 2012 earnings appropriation resolved by the stockholders on June 12, 2014 and June 11, 2013, respectively are as follows:

	2013		2012	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 22,261	$ -	$ 25,941	$ -
Cash dividends	181,562	1.1	164,578	1.0
Total	$ 203,823		$ 190,519	

Note:The earnings of 2013 distributed as employees' cash bonus of $24,919 and directors' and supervisors' remuneration of $2,003 was approved by the stockholders. The difference of $94 between the amount recognised in the 2013 financial statements was adjusted as an increase to profit or loss in 2014. The earnings of 2012 distributed as employees' cash bonus of $28,631 and directors' and supervisors' remuneration of $2,335 was approved by the stockholders. The difference of $75 between the amount recognised in the 2012 financial statements was adjusted as an increase to profit or loss in 2013.

The abovementioned earnings distribution of 2013 and 2012 were the same as the amounts proposed by the Board of Directors on March 7, 2014, April 9, 2014 and March 15, 2013, respectively.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration for 2013 and 2012 by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(b) Details of 2014 earnings appropriation proposed by the Board of Directors on February 24, 2015, are as follows:

	2014	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 38,454	$ -
Cash dividends	330,140	2.0
Total	$ 368,594	

Note:The employees' bonus of $34,715 and directors' and supervisors' remuneration of $3,461 of 2014 was proposed by the Board of Directors on February 24, 2015.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

The earnings distribution of 2014 have not been resolved by the stockholders, thus, no dividend was accrued in these consolidated financial statements.

(20) Operating revenue

	Years ended December 31,	
	2014	2013
Construction revenue	$ 7,997,319	$ 7,147,864
Sales revenue	5,944,705	5,982,083
Other operating revenue	1,023,375	912,327
Total	$ 14,965,399	$ 14,042,274

(21) Other gains and losses

	Years ended December 31,	
	2014	2013
Net gains on financial assets at fair value through profit or loss	$ 3,822	$ 821
(Loss) gain on disposal of investments	(4,012)	5,047
Impairment loss	(23,234)	(13,618)
Exchange gain	9,584	36,892
Other losses	(8,777)	(6,222)
Total	($ 22,617)	$ 22,920

(22) Employee benefit expense, depreciation and amortisation

	Year ended December 31, 2014					
	Operating costs		Operating expenses		Total	
Employee benefit expense						
Wages and salaries	$	518,861	$	676,597	$	1,195,458
Labour and health insurance fees		55,480		53,486		108,966
Pension costs		41,041		41,446		82,487
Other employee benefit expense		16,023		19,902		35,925
Depreciation		71,160		37,327		108,487
Amortisation		4,259		17,268		21,527

	Year ended December 31, 2013					
	Operating costs		Operating expenses		Total	
Employee benefit expense						
Wages and salaries	$	515,604	$	685,126	$	1,200,730
Labour and health insurance fees		50,838		51,577		102,415
Pension costs		39,097		41,298		80,395
Other employee benefit expense		13,133		16,962		30,095
Depreciation		66,752		42,457		109,209
Amortisation		2,503		12,816		15,319

(23) Income tax

A.Income tax expense

(a) Components of income tax expense:

	Years ended December 31,			
	2014		2013	
Current tax				
Current tax on profits for the period	$	100,672	$	59,679
Additional 10% tax on undistributed earnings		3,999		6,889
Adjustments in respect of prior years	(	1,871)		1,484
Total current tax		102,800		68,052
Deferred tax				
Origination and reversal of temporary differences	(	19,134)	(	6,648)
Income tax expense	$	83,666	$	61,404

(b) Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2014	2013
Tax calculated based on profit before tax and statutory tax rate	$ 80,101	$ 47,637
Effects from items disallowed by tax regulation	1,437	5,394
Additional 10% tax on undistributed earnings	3,999	6,889
Adjustments in respect of prior years	(1,871)	1,484
Income tax expense	$ 83,666	$ 61,404

(c) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2014	2013
Currency translation differences	($ 9,686)	($ 10,549)
Actuarial gains/losses on defined benefit obligations	(1,576)	(4,392)
Total	($ 11,262)	($ 14,941)

B.Amounts of deferred tax assets or liabilities as a result of temporary difference and investment tax credit are as follows:

	Year ended December 31, 2014			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Losses on bad debt expense	$ 26,152	$ -	$ -	$ 26,152
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	12,750	(1,530)	-	11,220
Defined benefit obligation	21,405	(259)	(1,576)	19,570
Impairment loss on financial assets	4,420	3,400	-	7,820
Unused compensated absences payable	9,204	(1,426)	-	7,778
Unrealised loss on investments	10,130	18,439	-	28,569
Subtotal	84,061	18,624	(1,576)	101,109
—Deferred tax liabilities:				
Unrealised exchange gain	(42)	(2,895)	-	(2,937)
Unrealised construction gain	(16,401)	3,405	-	(12,996)
Exchange differences on translation	(21,084)	-	(9,686)	(30,770)
Subtotal	(37,527)	510	(9,686)	(46,703)
Total	$ 46,534	$ 19,134	($ 11,262)	$ 54,406

	Year ended December 31, 2013			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Unrealised exchange loss	$ 1,997	($ 1,997)	$ -	$ -
Losses on bad debt expense	26,073	79	-	26,152
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	10,370	2,380	-	12,750
Unrealised construction loss	441	(441)	-	-
Defined benefit obligation	25,976	(179)	(4,392)	21,405
Impairment loss on financial assets	2,295	2,125	-	4,420
Unused compensated absences payable	7,201	2,003	-	9,204
Unrealised loss on investments	-	10,130	-	10,130
Subtotal	74,353	14,100	(4,392)	84,061
—Deferred tax liabilities:				
Unrealised exchange gain	-	(42)	-	(42)
Unrealised gain on investments	(8,991)	8,991	-	-
Unrealised construction gain	-	(16,401)	-	(16,401)
Exchange differences on translation	(10,535)	-	(10,549)	(21,084)
Subtotal	(19,526)	(7,452)	(10,549)	(37,527)
Total	$ 54,827	$ 6,648	($ 14,941)	$ 46,534

C.Assessment of the Company's and domestic subsidiary's income tax returns is as follows:

	Assessment
The Company	Through 2012
eZoom Information, Inc.	Through 2012

D.Unappropriated retained earnings:

	December 31, 2014	December 31, 2013
Earnings generated in and before 1997	$ -	$ -
Earnings generated in and after 1998	1,467,273	1,279,330
	$ 1,467,273	$ 1,279,330

E.As of December 31, 2014 and 2013, the balance of the imputation tax credit account was $322,956 and $301,905, respectively. The creditable tax rate was 27.03% for 2013 and is estimated to be 27.07% for 2014.

(24) Earnings per share

	Year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 384,545	165,066	$ 2.33
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus		1,928	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 384,545	166,994	$ 2.30

	Year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 222,615	164,629	$ 1.35
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		13	
Employees' bonus		1,849	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 222,615	166,491	$ 1.34

(25) Operating leases

Details are provided in Note 9(1).

(26) Business combinations

A. The Company originally held 40% share capital of Hoa Phong Marketech Co., Ltd. (Hoa Phong MIC). The stockholders who held the remaining 60% of share capital surrendered their shares in August 2014 and registered the change in October 2014. As the Company holds all voting rights in Hoa Phong MIC, it is included in the consolidated entities.

B. The following table summarises the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interests in Hoa Phong MIC:

	August 31, 2014
Purchase consideration	
Fair value of interest in Hoa Phong MIC on the acquisition date that had been owned prior to the acquisition	$ 819
Fair value of the non-controlling interests	1,229
	$ 2,048
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	$ 1,045
Other current assets	1,109
Property, plant and equipment	379
Other non-current assets	194
Current liabilities	(679)
Total identifiable net assets	$ 2,048

C. The Group recognised a loss of $5,754 as a result of measuring at fair value its 40% equity interest in Hoa Phong MIC held before the business combination.

D. The operating revenue included in the consolidated statement of comprehensive income since August 31, 2014 until December 31, 2014 contributed by Hoa Phong MIC was $190. Hoa Phong MIC also contributed profit before income tax of $1,087 over the same period. Had ABC Company been consolidated starting from January 1, 2014, the consolidated statement of comprehensive income would show operating revenue of $14,965,805 and profit before income tax of $470,287.

RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Sales of goods and services

	Years ended December 31, 2014	Years ended December 31, 2013
Construction revenue		
Other related parties	$ 8,741	$ 1,344
Entities controlled by key management or entities with significant influence	1,259	31,996
Associates	886	5,885
Total	$ 10,886	$ 39,225

The price of construction charges to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of constructions depending on the construction contracts or individual agreements.

	Years ended December 31, 2014	Years ended December 31, 2013
Sales of goods		
Entities controlled by key management or entities with significant influence	$ 52,951	$ 3,747
Other related parties	860	-
Associates	4,279	4,911
Total	$ 58,090	$ 8,658

Prices to related parties and third parties are based on normal sales transactions and sales are collected 2 to 3 months after the completion of transactions.

B. Acquisition of goods and services

	Years ended December 31, 2014	Years ended December 31, 2013
Outsourcing construction costs		
Entities controlled by key management or entities with significant influence	$ 60,102	$ 68,949
Other related parties	10,780	137
Total	$ 70,882	$ 69,086

The outsourcing construction costs paid to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the payment terms to related parties are approximately the same to third parties, which is about 2 months after inspection of constructions depending on the construction contracts or individual agreements.

C. Receivables from related parties

Accounts receivable

	December 31, 2014	December 31, 2013
Entities controlled by key management or entities with significant influence	$ 3,566	$ 911
Associates	4,710	-
Other related parties	1,261	-
Subtotal	9,537	911
Less: allowance for bad debts	(88)	(3)
Total	$ 9,449	$ 908

The collection terms to related parties and third parties are about 2 to 3 months after the sales while terms for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.

D. Payables to related parties

Accounts payable

	December 31, 2014	December 31, 2013
Entities controlled by key management or entities with significant influence	$ 20,020	$ 9,741
Other related parties	3,816	187
Associates	-	1,050
Total	$ 23,836	$ 10,978

E. <u>Construction contracts receivable</u>

(a) Contract prices of contracted but yet to be completed construction

	December 31,	
	2014	2013
Associates	$ 22,516	$ 26,926
Entities controlled by key management or entities with significant influence	7,600	7,701
Other related parties	8,824	-
Total	$ 38,940	$ 34,627

(b) Construction contracts receivable

	December 31,	
	2014	2013
Associates	$ 16,267	$ 16,371
Entities controlled by key management or entities with significant influence	6,456	5,312
Other related parties	5,969	-
Total	$ 28,692	$ 21,683

F. <u>Property transactions</u>

Proceeds for acquisition of property, plant, equipment and intangible assets:

	Years ended December 31,	
	2014	2013
Entities controlled by key management or entities with significant influence	$ 14,437	$ 15,522

G. <u>Financing</u>

Financing to related parties in 2014 is as follows:

	Year ended December 31, 2014			
	Maximum balance	Ending balance	Interest rate	Interest revenue
Entities controlled by key management or entities with significant influence	$ 19,600	$ -	4.896%	$ 108

The Group’s financing to entities controlled by key management or entities with significant influence mainly refer to financing to SOPOWER Technology Corp. This financing represents accounts receivable arising from sales of goods. The amount exceeding normal credit limit to third parties was transferred to other receivables and treated as loans to others. As of December 31, 2014, the receivables were fully collected.

No such event in 2013.

(2) Key management compensation

	Years ended December 31,	
	2014	2013
Salaries and other short-term employee benefits	$ 50,498	$ 47,989

PLEDGED ASSETS

Details of the book value of the Group's assets pledged as collaterals are as follows:

	Book value		
Pledged asset	December 31, 2014	December 31, 2013	Purpose
Time deposits (recorded as 'other current assets')	$ 90,098	$ 67,540	Guarantee for bank's borrowing facility
Refundable deposits (recorded as 'other current assets')	41,240	26,802	Bid bond and performance guarantee
Buildings (recorded as 'Property, plant and equipment')	184,492	189,319	Guarantee for bank's borrowing facility
	$ 315,830	$ 283,661	

SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Commitments

(1) Operating leases agreements

The Group leases in buildings under non-cancellable operating lease agreements. The lease terms are under 10 years, and all these lease agreements are renewable at the end of the lease period. Rental is increased periodically to reflect market rental rates. The Group recognised rental costs and expenses of $120,366 and $120,768 for these leases in profit or loss for the years ended December 31, 2014 and 2013, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31,	
	2014	2013
Not later than one year	$ 46,422	$ 45,296
Later than one year but not later than five years	40,932	43,804
Later than five years	36,412	39,183
Total	$ 123,766	$ 128,283

(2) As of December 31, 2014, the notes and letters of guarantees used for construction performance and custom security amounted to $970,725.

SIGNIFICANT DISASTER LOSS

None.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details are provided in Note 6(19) F(b).

OTHERS

(1) Capital risk management

The Group's main objective when managing capital is to maintain an optimal credit ranking and capital ratio to support the operation and to maximize stockholders' equity.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value are including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), construction contracts receivable (including related parties), other receivables (including related parties), other financial assets (recorded as 'other current assets'), refundable deposits (recorded as 'other non-current assets'), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), construction contracts payable (including related parties), other payables, long-term borrowings (including current portion) and guarantee deposits received (recorded as 'other non-current liabilities')) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

The Group's financial risk mainly arises from risks along with investments in financial instruments and foreign exchange risk of foreign currency transactions. The Group always adopt the restricted control standard for financial risk of all investments in financial instruments that market risk, credit risk, liquidity risk and cash flow risk of any financial investment and implementation has to be assessed and the ones with the least risks are chosen. For foreign exchange risk of foreign currency transactions based on strategic risk management objectives, the Group seeks the most optimised risk position and maintain appropriate liquidity position to reach the best hedging strategy.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, RMB and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

● The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, SGD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2014					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 22,813	31.65	$ 722,029	1%	$ 7,220	$ -
USD：RMB	11,072	6.2175	350,443	1%	3,504	-
EUR：NTD	3,242	38.47	124,710	1%	1,247	-
EUR：USD	2,033	1.22	78,224	1%	782	-
JPY：NTD	291,488	0.2646	77,128	1%	771	-
Financial liabilities						
Monetary items						
USD：NTD	$ 5,213	31.65	$ 164,981	1%	$ 1,650	$ -
USD：RMB	28,225	6.2157	893,307	1%	8,933	-
JPY：NTD	173,768	0.2646	45,979	1%	460	-

	December 31, 2013					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 23,136	29.805	$ 689,572	1%	$ 6,896	$ -
USD：RMB	10,638	6.0593	317,078	1%	3,171	-
EUR：USD	2,700	1.38	110,947	1%	1,109	-
JPY：NTD	274,876	0.2839	78,037	1%	780	-
Financial liabilities						
Monetary items						
USD：NTD	$ 6,057	29.805	$ 180,521	1%	$ 1,805	$ -
USD：RMB	27,405	6.0593	816,797	1%	8,168	-
USD：SGD	1,260	1.246	37,548	1%	375	-

Price risk

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss.
- The Company's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, profit for the years ended December 31, 2014 and 2013 would have increased/decreased by $142 and $172, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $0 and $38, respectively, as a result of gains/losses on equity securities classified as available-for-sale. For the years ended December 31, 2014 and 2013, the amount recognised from available-for-sale financial assets to adjustments in equity was $0 and ($197) and the amount reduced from adjustments in equity and included in profit or loss was $1,512 and $3,299, respectively.

Interest rate risk

- The Group's interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Changes in market interest rate will change effective interest rates of bank borrowings and thus fluctuate future cash flow. As the Group's operating capital is sufficient and risk is mostly offset by cash and cash equivalents held at variable rates, the Group has assessed there is no significant interest rate shift in cash flow risk.
- The Group analyses its interest rate exposure. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.
- Under the Group's simulation analysis result of interest risk, if the interest rate had increased/decreased by 1% with all other variables held constant, profit for the years ended December 31, 2014 and 2013 would have increased/decreased by $7,955 and $8,234, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. Described as follows:

- The Group has assessed the credit status of counterparties when selling products and goods or services. So it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount.

- Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored.
- Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.
- For banks and financial institutions, only rated parties with good ratings are accepted.
- The endorsements and guarantees provided by the Group are all in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies". The Group knows the credit status of endorsees well and does not require any security. If there is any non-performance, the performance amount is the possible credit risk.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is calculated from the invoice date as follows:

	December 31, 2014	December 31, 2013
Up to 90 days	$ 1,013,232	$ 814,798

iv. Movement analysis of accounts receivable (including related parties) that were impaired is as follows:

a. As of December 31, 2014 and 2013, the Group's accounts receivable that were impaired amounted to $2,078,861 and $1,816,552, and allowance for bad debt was accrued as $310,475 and $304,933, respectively.

b. Movements on the Group's provision for impairment of accounts receivable are as follows:

	Year ended December 31, 2014		
	Individual provision	Group provision	Total
At January 1	$ 173,630	$ 131,303	$ 304,933
Reversal of impairment during the period	8,965	9,124	18,089
Write-offs during the period	(17,277)	-	(17,277)
Transfer during the period	7,518	(7,518)	-
Effect of exchange rate	2,545	2,185	4,730
At December 31	$ 175,381	$ 135,094	$ 310,475

	Year ended December 31, 2013		
	Individual provision	Group provision	Total
At January 1	$ 125,818	$ 126,103	$ 251,921
Reversal of impairment during the period	20,234	33,332	53,566
Write-offs during the period	(5,750)	-	(5,750)
Transfer during the period	30,954	(30,954)	-
Effect of exchange rate	2,374	2,822	5,196
At December 31	$ 173,630	$ 131,303	$ 304,933

v. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	December 31,	
	2014	2013
Type A	$ -	$ -
Type B	135,203	104,499
Type C	184,663	76,669
	$ 319,866	$ 181,168

Type A: No credit limit. Clients include government institutions and government-owned corporations.

Type B: Credit limit is 130% of the average of transactions in the past year. Clients are counterparties whose average annual transactions reaching NT$30,000 for the most recent 3 years and who has stable sales and optimal financials.

Type C: Credit limit is gained through assessment based on 'Client Credit Ranking Sheet'.

(c) Liquidity risk

i. The Group invests in financial assets measured at fair through profit or loss and available-for-sale financial assets traded in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Group's operating capital is sufficient to fulfill the Group's capital needs and it does not expect significant liquidity risk.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities

December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 953,806	$ -	$ -	$ -
Notes payable (including related parties)	807,648	-	-	-
Accounts payable (including related parties)	3,382,915	-	-	-
Other payables	395,090	-	-	-
Long-term borrowings (including current portion)	1,646	1,668	1,262	-

Non-derivative financial liabilities

December 31, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 985,943	$ -	$ -	$ -
Notes payable (including related parties)	578,318	-	-	-
Accounts payable (including related parties)	2,438,863	-	-	-
Other payables	405,612	-	-	-
Long-term borrowings (including current portion)	1,587	1,609	2,908	-

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2014 and 2013:

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 11,696	$ -	$ -	$ 11,696

December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 12,601	$ -	$ -	$ 12,601
Available-for-sale financial assets				
Equity securities	5,273	-	-	5,273
Total	$ 17,874	$ -	$ -	$ 17,874

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1.

SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

Significant transactions information in 2014 in accordance with “Rules Governing the Preparation of Financial Statements by Securities Issuers” is as follows:

A.Loans to others:

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014 (Note 2)	Balance at December 31, 2014 (Note 6)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	No. (Note 1)
													Item	Value			
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Other receivables	Y	$ 30,420	$ 6,330	$ 6,330	4.896	2	$ -	Operations	$ -	None	-	$ 1,750,183	$ 1,750,183	Note 4
0	Marketech International Corp.	SOPOWER Technology Corp.	Other receivables	Y	19,600	-	-	-	1	-	Not applicable	-	None	-	-	1,750,183	Note 4 Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Puritic Co., Ltd.	Other receivables	Y	17,835	7,893	7,893	7.28	2	-	Operations	-	None	-	175,031	175,031	Note 5
1	MIC-Tech Electronics Engineering Corp.	ChenGao M&E Engineering (Shanghai) Co., Ltd.	Other receivables	Y	1,273	1,273	1,273	6.16	2	-	Operations	-	None	-	175,031	262,547	Note 4 Note 5
1	MIC-Tech Electronics Engineering Corp.	Fuzhou Jiwei System Integrated Co., Ltd.	Other receivables	Y	1,372	-	-	-	2	-	Operations	-	None	-	175,031	262,547	Note 4 Note 5
2	MIC-Tech (WuXi) Co., Ltd.	Shanghai Puritic Co., Ltd.	Other receivables	Y	22,914	22,914	12,730	7.2	2	-	Operations	-	None	-	107,410	107,410	Note 5
2	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	69,467	40,736	40,736	6.9	2	-	Operations	-	None	-	107,410	161,116	Note 4 Note 5
2	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech (Shanghai) Corp. Ltd.	Other receivables	Y	45,828	45,828	45,828	7.2	2	-	Operations	-	None	-	107,410	161,116	Note 4 Note 5
3	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	49,619	-	-	-	2	-	Operations	-	None	-	128,214	192,321	Note 4 Note 5
3	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech China Trading (Shanghai) Co. Ltd.	Other receivables	Y	14,424	-	-	-	2	-	Operations	-	None	-	128,214	192,321	Note 4 Note 5
4	MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	31,650	31,650	31,650	4.896	2	-	Operations	-	None	-	508,260	762,390	Note 4

Note 1:The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2:Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2014.

Note 3:Fill in the nature of the loan as follows:

(1)Fill in 1 for business transactions and the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

(2)Fill in 2 for short-term financing and the purpose of loan, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 4:Limit on the loans from the Company and MIC-Tech Ventures Asia Pacific Inc.:

(1)Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company is 60% of the net assets based on the latest financial statements of subsidiaries who receive the loans. The following (2) and (3) do not apply to the limit.

(2)For business transactions, limit on loans granted for a single party is the amount of the transactions. The amount of business transactions refers to the higher of purchasing and selling during current year on the year of financing.

(3)For short-term borrowings, limit on loans granted for a single party is 40% of the Company’s net assets. The amount of short-term borrowings refers to the accumulated balance of the Company’s short-term borrowings.

(4)Limit of the accumulated balance of loans from (2) and (3) is 40% of the net assets based on the latest financial statements of the Company.

Note 5:Limit on the loans provided by the Company’s mainland subsidiaries:

(1)Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company’s mainland subsidiaries is 60% of the net assets based on the latest financial statements of the lending companies. The following (2) and (3) do not apply to the limit.

(2)For business transactions, limit on loans granted for a single party is the amount of the transactions.

(3)For short-term borrowings, limit on loans granted for a single party is 40% of the lending company’s net assets.

(4)Limit of the accumulated balance of loans from (2) and (3) is 40% of the net assets based on the latest financial statements of the lending company.

Note 6:The ending balance is the amount resolved by the Board of Directors.

Note 7:The Company’s loans to SOPOWER Technology Corp. are accounts receivable arising from sales of goods. The amount exceeding normal credit limit to third parties was transferred to other receivables and proceeded as loans to others. As of December 31, 2014, the receivables were fully collected.

B.Provision of endorsements and guarantees to others:

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2014 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2014 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarant or company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	2	$ 2,187,729	$ 20,044	$ 20,044	$ 20,044	-	0.46	$ 4,375,458	Y	N	N	Note 3
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	2	2,187,729	110,775	110,775	62,603	-	2.53	4,375,458	Y	N	N	Note 3
0	Marketech International Corp.	Marketech International Sdn. Bhd.	3	2,187,729	19,250	-	-	-	-	4,375,458	Y	N	N	Note 3
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	2,187,729	406,787	406,787	251,969	-	9.30	4,375,458	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	3	2,187,729	438,339	438,339	327,564	-	10.02	4,375,458	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	3	2,187,729	711,654	711,654	369,674	-	16.26	4,375,458	Y	N	Y	Note 3
1	Hoa Phong Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	3	2,187,729	84,281	84,281	84,281	-	1.93	4,375,458	N	N	N	Note 4
2	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	2,187,729	67,188	67,188	67,188	-	1.54	4,375,458	N	N	Y	Note 4

Note 1:The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2:Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5)Mutual guarantee of the trade as required by the construction contract.

(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3:Limit on endorsements and guarantees stated in "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies":

(1)In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.

(2)Except for guarantees for contracting constructions, limit on the Company's accumulated endorsement/guarantee is the Company's net assets; limit on endorsement/guarantee to a single party is 50% of the Company's net assets. Limit on the total endorsement/guarantee of the Company and its subsidiaries as a whole is 1.5 times of the Company's net assets; limit on endorsement/guarantee to a single party is 75% of the Company's net assets.

Note 4:Limit on endorsements and guarantees of the Company's subsidiary - Hoa Phong Marketech Co., Ltd. and MIC-Tech Electronics Engineering Corp.:

(1)In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.

(2)Except for guarantees for contracting constructions, limit on the accumulated endorsements and guarantees is the endorser company's net assets; limit on endorsement/guarantee to a single party is 50% of the endorser company's net assets. Limit on the total endorsement/guarantee of the endorser company and its subsidiaries as a whole is 1.5 times of the endorser company's net assets; limit on endorsement/guarantee to a single party is 75% of the endorser company's net assets.

(3)Limit on endorsements and guarantees to a company of which the endorser company and the ultimate parent company directly or indirectly holds 90% or above of its share capital is 10 times of the endorser company's net assets and may not exceed 10% of the ultimate parent's net assets. However, the endorsements and guarantees of the ultimate parent to companies which it holds 100% of voting shares are not subject to the preceding and Note 4(2) limits. Nonetheless, limit is subject to paragraph 4.2 of "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies": (see above Note 3(2) details of the Company's endorsement/guarantee).

Note 5:Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6:As of the balance sheet date, companies which provide contracts or notes for endorsements/guarantees to banks bear the responsibility of endorsements/guarantees as credit limit of the contracts or notes are approved. Other related endorsements/guarantees should be included in the outstanding balance of endorsements/guarantees. The outstanding balance is the amount resolved by the Company's Board of Directors.

Note 7:Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

C.Holding of marketable securities at the end of the period (not including subsidiaries and associates):

					As of December 31, 2014					
Securities held by	Type of marketable securities	Name of marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	Number of shares	Book value (Note 2)	Ownership (%)	Fair value	Collateral	Footnote
Marketech International Corp.	Ordinary shares	Lasertec Corporation	None	Financial assets measured at fair value through profit or loss - current	20,000	$ 7,277	-	$ 7,277	None	
〃	〃	Solar Applied Materials Technology Corp.	〃	〃	30,000	754	-	754	〃	
	〃	Aerospace Industrial Development Corp.	〃	〃	100,000	3,665	-	3,665	〃	
						$ 11,696		$ 11,696		
〃	Ordinary shares	Ares Green Technology Corp..	None	Financial assets measured at cost - non-current	2,632,293	$ 43,481	7.96%	$ -	None	
〃	〃	Taiwan Puritic Corp.	〃	〃	5,207,049	39,287	13.58%	-	〃	
〃	〃	Calitech Co., Ltd.	〃	〃	3,117,199	38,675	10.85%	-	〃	
〃	〃	SOPOWER Technology Corp.	Entities controlled by key management or entities with significant influence	〃	3,000,000	4,500	12.61%	-	〃	
〃	〃	VEEV Interactive Pte. Ltd.	None	〃	840,000	25,243	6.45%	-	〃	
〃	〃	Taiwan Intelligent Fiber Optic Network Co.,Ltd.	〃	〃	3,868,261	44,024	2.03%	-	〃	
〃	〃	H&D Venture Capital Investment Corp.	Entities controlled by key management or entities with significant influence	〃	2,000,000	20,000	6.67%	-	〃	
〃	〃	Civil Tech Pte. Ltd.	None	〃	450,000	19,500	0.90%	-	〃	
〃	〃	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	〃	966,000	14,490	3.46%	-	〃	

(Continued)

					As of December 31, 2014					
Securities held by	Type of marketable securities	Name of marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	Number of shares	Book value (Note 2)	Ownership (%)	Fair value	Collateral	Footnote
Marketech International Corp.	Ordinary shares	H&H Venture Capital Investment Corp.	Entities controlled by key management or entities with significant influence	Financial assets measured at cost - non-current	1,200,000	$ 12,000	4.17%	$ -	None	
〃	〃	Top Green Energy Technologies,Inc.	None	〃	2,000,000	3,000	0.89%	-	〃	
〃	〃	IP Fund Six Co., Ltd.	〃	〃	1,000,000	10,000	1.79%	-	〃	
〃	〃	Long Time Technology Corp.	〃	〃	360,000	6,780	1.03%	-	〃	
〃	〃	Paradigm Venture Capital Corp.	〃	〃	219,375	2,194	3.50%	-	〃	
〃	〃	Taiwan Special Chemicals Corp.	〃	〃	901,333	9,013	0.82%	-	〃	
〃	〃	Saga Polaris Venture Capital Corp.	〃	〃	84,000	840	1.14%	-	〃	Note 3
〃	〃	BMR Technology Corp.	〃	〃	2,449,717	-	18.47%	-	〃	
〃	〃	Atech Totalsolution Co., Ltd.	〃	〃	128,000	-	0.23%	-	〃	
〃	〃	East Wind Life Science Systems	〃	〃	124,457	-	12.87%	-	〃	
〃	Preferred stock	Engenuity System, Inc.	〃	〃	833,334	-	Note 4	-	〃	
〃	〃	ACM Research Inc.	〃	〃	266,667	-	〃	-	〃	
〃	〃	Applied Harmonics Corporation	〃	〃	237,179	-	〃	-	〃	
		Total				$ 293,027				

Note 1:Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2:Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3:Dissolution of Saga Polaris Venture Capital Corp. was registered on August 13, 2013 and it is under liquidation process.

Note 4:Holding preferred stock.

D.Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company’s paid-in capital: None.

E.Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F.Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G.Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H.Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I.Derivative financial instruments undertaken during the year ended December 31, 2014: None.

J.Significant inter-company transactions: individual amount less than $5,000 is not disclosed.

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Marketech International Corp.	Marketech Intergrated Pte. Ltd.	1	Accounts receivable	$ 20,392	Sales revenue: Prices and terms of sales of goods to related parties are approximately the same to third parties. A certain percentage of profit is negotiated for sale of services with related parties. Construction revenue: The price of construction charges to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of constructions depending on the construction contracts or individual agreements.	0.17%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	1	Accounts receivable	12,740		0.11%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	1	Sales revenue	39,324		0.26%
0	Marketech International Corp.	eZoom Information, Inc.	1	Construction cost and operating expense	28,966		0.19%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	6,331		0.05%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other revenue	6,317		0.04%
1	Mic-Tech Ventures Asia Pacific Inc.	MIC-Tech (WuXi) Co., Ltd.	3	Sales revenue	8,492		0.06%
2	MIC-Tech Global Corp.	Marketech Intergrated Pte. Ltd.	3	Accounts receivable	5,193		0.04%
2	MIC-Tech Global Corp.	Marketech Intergrated Pte. Ltd.	3	Sales revenue	12,373		0.08%
3	MIC-Tech Electronics Engineering Corp.	Shanghai Puritic Co., Ltd.	3	Other receivables	7,893		0.07%
0	Marketech International Corp.	MIC-Tech Viet Nam Co.,Ltd.	1	Other receivables	6,330		0.05%
1	Mic-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	3	Other receivables	31,650		0.27%
4	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Other receivables	40,736		0.35%
4	MIC-Tech (WuXi) Co., Ltd.	Shanghai Puritic Co., Ltd.	3	Other receivables	12,730		0.11%
4	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech (Shanghai) Corp. Ltd.	3	Other receivables	45,828		0.39%

Note 1:The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2:Relationship between transaction company and counterparty is classified into the following three categories

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3:Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(2) Information on investees(not including investees in Mainland China)

A.Investee name, location and other information (not including investees in Mainland China):

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 1)	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	$ 136,757	$ 88,930	5,725,040	100	$ 42,955	($ 51,646)	($ 51,646)	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,108,679	985,859	34,069,104	100	1,301,288	(47,916)	(46,384)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	13,327	11,215	91,500	100	7,102	(7,190)	(7,190)	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	41,483	133	133	The Company's subsidiary
Marketech International Corp.	Tiger United Finance Ltd.	Virgin Islands	Investment holding and reinvestment	46,475	46,475	1,410,367	100	40,578	(268)	(268)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	9,139	-	379,597	100	7,717	(1,424)	(1,424)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Vietnam	Trading, installation and repair of various machinery equipment and its peripherals	39,345	30,292	-	100	41,354	7,802	7,802	The Company's subsidiary
Marketech International Corp.	Hoa Phong Marketech Co., Ltd.	Vietnam	Specialized contracting and related repair services	29,922	11,553	-	100	19,241	(2,584)	(1,686)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 1)	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	$ 29,737	$ 29,737	3,400,000	100	$ 8,880	($ 10,100)	($ 10,100)	The Company's subsidiary
Marketech International Corp.	Glory Technology Service Inc.	Taiwan	Sale and installation of information and communication equipment	20,000	20,000	2,000,000	40	29,082	7,912	3,164	The Company's investee accounted for using equity method
Marketech International Corp.	MIC Techno Co., Ltd.	Taiwan	Investment holding and reinvestment	2,000	2,000	200,000	20	2,069	(1,281)	(256)	The Company's investee accounted for using equity method
Marketech International Corp.	True Victor International Limited	Virgin Islands	Investment holding and reinvestment	800	800	19,286	38.57	315	(1,339)	(517)	The Company's investee accounted for using equity method
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,074,008	951,698	33,066,604	100	1,270,650	(47,821)	-	The investor's subsidiary
Marketech Integrated Pte Ltd.	Marketech International Sdn. Bhd.	Malaysia	Contracting for Semiconductor automatic supply system	6,437	4,409	750,000	100	4,945	(2,775)	-	The investor's subsidiary
Marketech Engineering Pte Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Specialized contracting for electrical installing construction	8,569	-	28,500	95	7,496	(1,120)	-	The investor's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 1)	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares	Ownership (%)	Book value			
MIC-Tech Ventures Asia Pacific Inc.	Russky H.K. Limited	Hong Kong	Investment holding and reinvestment	$ 28,521	$ 28,521	633,000	100	($ 9,823)	($ 105)	$ -	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	28,464	23,549	935,104	40	4,565	(24,434)	-	The investor's investee accounted for using equity method
MIC-Tech Ventures Asia Pacific Inc.	TPP-MIC Co., Limited	Hong Kong	Investment holding and reinvestment	6,025	6,025	180,000	60	163	72	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Hong Kong	Investment holding and reinvestment	46,434	46,434	1,500,000	50	12,632	(11,714)	-	The investor's investee accounted for using equity method
MIC-Tech Ventures Asia Pacific Inc.	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment holding and reinvestment	8,990	8,990	303,000	31.43	7,546	(2,999)	-	The investor's investee accounted for using equity method

Note 1:The amount of $0 means that the Company does not directly recognise gain or loss on investments.

Note 2:Except for subsidiaries in Malaysia are translated at the current rate as of December 31, 2014, the initial investment amounts of other investees are translated at the current rate as of the investment date.

Note 3:The Company originally held 40% share ownership of Hoa Phong Marketech Co., Ltd. (Hoa Phong MIC). The stockholders who held the remaining 60% of share ownership did not place funds in accordance with the contract and surrendered their shares in August 2014 and registered the change in October 2014. As the Company holds all voting rights in Hoa Phong MIC, it is included in the consolidated entities.

(3) Information on investments in Mainland China

A.Basic information:

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014 (Note 3): Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014 (Note 3): Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 3)	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
MIC-Tech (WuXi) Co., Ltd..	Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembling of wrapping device and cooling equipment; assembling of barbecue grill; wholesale, commission agency and import and export of the aforementioned products and their components; lease of self-owned plants	$ 807,075	Note 1(2)	$ 648,825	$ -	$ -	$ 648,825	($ 59,953)	100	($ 59,384)	$ 262,285	$ -	Note 2 (2)B
MIC-Tech (Shanghai) Corp. Ltd.	Wholesale, commission agency, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area	260,828	Note 1(2)	15,825	-	-	15,825	2,446	100	2,446	320,536	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	9,495	Note 1(2)	9,495	-	-	9,495	(616)	100	(616)	49	-	Note 2 (2)B

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 3)	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech Electronics Engineering Corp.	General contracting for electrical installing construction, specialized contracting for electrical installing construction, specialized contracting for electronic engineering, specialized contracting for petroleum and chemical equipment installation, specialized contracting for channel and guarantee for post construction and consulting service for related construction technology	$ 367,741	Note 1(2)	$ 76,593	$ 94,950	$ -	$ 171,543	$ 3,703	100	$ 3,703	$ 437,578	$ -	Note 2 (2)B
Shanghai Puritic Co., Ltd.	Production of scrubber bins for semiconductor manufacturers, design, installation, debugging and technology services of tunnel system, equipment repair for semiconductor manufacturers, consulting service for electrical and medical equipment	12,660	Note 1(2)	19,085	-	-	19,085	415	80	332	(10,579)	-	Note 2 (2)B
SKMIC(WUXI) CORP.	Design and installation of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment	9,653	Note 1(2)	1,551	-	-	1,551	(161)	49	(79)	5,990	-	Note 2 (2)B
ChenGao M&E Engineering (Shanghai) Co., Ltd.	Design of microelectronic products and display devices, consulting service for related technology and management	6,330	Note 1(2)	6,330	-	-	6,330	(404)	100	(404)	(2,391)	-	Note 2 (2)B

					Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014 (Note 3)								
Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 3)	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
Frontken-MIC (Wuxi) Co., Ltd.	Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductors	$ 73,048	Note 1(2)	$ 24,155	$ 5,064	$ -	$ 29,219	($ 24,305)	40	($ 9,722)	$ 4,482	$ -	Note 2 (2)B
TPP-MIC (WuXi) Co., Ltd.	Technology and repairmen service of semiconductor equipment, self-operation and agency of import and export of various goods and technology	9,495	Note 1(2)	5,697	-	-	5,697	72	60	43	163	-	Note 2 (2)B
Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device	94,950	Note 1(2)	47,475	-	-	47,475	(11,729)	50	(5,865)	12,632	-	Note 2 (2)B, Note 4
SCEC (Shanghai) Corp.	Construction of petroleum and chemical equipment, street pipe system and clean room	74,829	Note 1(2)	714	-	-	714	-	-	-	-	-	Note 2 (3), Note 5

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 3)	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, and consulting service for trading	$ 47,475	Note 1(2)	$ 18,990	$ 28,485	$ -	$ 47,475	$ 1,469	100	$ 1,469	$ 47,500	$ -	Note 2 (2)B
Macrotec Technology (Shanghai) Co., Ltd.	Wholesale, commission agency, import and export and other complementary service of electrical products, food, textile, commodities, cosmetics, valve switch, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area	30,286	Note 1(2)	9,519	-	-	9,519	(2,999)	31.43	(943)	7,511	-	Note 2 (2)B

Note 1:Investment methods are classified into the following four three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Through investing in Market Go Profits Ltd., which then invested in the investee in Mainland China.

(3)Others.

Note 2:In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2014’ column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.
C.Others - unaudited financial statements.

(3)Investment in SCEC (Shanghai) Corp. is financial assets measured at cost, thus, the Company did not recognise gain (loss) on investments and financial statements of SCEC (Shanghai) Corp. as unaudited.

Note 3:Paid-in capital and investment amount were translated at the original currency times exchange rate at period end.

Note 4:Taicang Integrated Manufacturing and Services Co., Ltd. was renamed as Integrated Manufacturing & Services Co., Ltd. on December 24, 2014.

Note 5:The Company has disposed all its investments in SCEC (Shanghai) Corp. as of December 2014.

B.Limit on investees in Mainland China:

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 1)(Note 2)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$ 1,018,648	$ 1,621,437	$ 2,625,275

Note 1:The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was USD$186 thousand.

C.Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: Note 13(1) J.

SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group is divided into the following 4 segments:

A. Sales and services for equipment materials segment: mainly engaged in semiconductor, optoelectronics and other high-tech industrial processing and trading, distribution, after-sale service and technical support of factory equipment and its material, chemicals and parts.

B. Facility system and mechanic & electric system service segment: mainly contracting electrical, clean room, peripheral system facilities and process, engaged in lump sum contracts, providing integrated services consist of planning, design, construction, supervision, installation, testing, operational consulting, maintenance and repair for gas, automatic supply system of chemicals, special gas and factory monitor system. Services for general industries such as petrochemical plant, conventional industry plant, mechatronic system for intelligent buildings.

C. Customized equipment manufacturing segment: mainly engaged in research and development of customized automation equipment and process based on request of customers in semiconductor, optoelectronics and traditional industry.

D. Other segments: mainly providing repair, cleaning and renewal services to customers' equipment and device in semiconductor, optoelectronics and traditional industry.

(2) Measurement of segment information

Management evaluates the performance of the operating segments based on a measure of operating income. The Group's chief operating decision-maker allocates resources and assesses performance of the operating segments based on the measurement and it is measured in a manner consistent with operating income in the statement of consolidated comprehensive income. For details of operating segments' accounting policies, please refer to Note4 and Note5.

(3) Information about segment profit or loss, assets and liabilities

The chief operating decision-maker did not review any asset and liability information.

The segment information provided to the chief operating decision-maker for the reportable segments for the years ended December 31, 2014 and 2013 is as follows:

	Year ended December 31, 2014				
	Sales and services for equipment materials segment	Facility system and mechanic & electric system service segment	Customized equipment manufacturing segment	Other segments	Total
Revenue from external customers revenue	$ 3,034,747	$ 9,288,111	$ 2,589,844	$ 52,697	$ 14,965,399
Inter-segment revenue	55,972	53,839	3,151	12,205	125,167
Total segment revenue	$ 3,090,719	$ 9,341,950	$ 2,592,995	$ 64,902	$ 15,090,566
Segment profit (loss)	$ 221,482	$ 143,449	$ 144,674	($ 5,306)	$ 504,299
Segment income (loss) include：					
Depreciation and amortisation	$ 7,603	$ 50,176	$ 68,537	$ 3,698	$ 130,014

	Year ended December 31, 2013				
	Sales and services for equipment materials segment	Facility system and mechanic & electric system service segment	Customized equipment manufacturing segment	Other segments	Total
Revenue from external customers revenue	$ 3,382,903	$ 8,496,822	$ 2,107,954	$ 54,595	$ 14,042,274
Inter-segment revenue	54,358	47,805	14,628	6,427	123,218
Total segment revenue	$ 3,437,261	$ 8,544,627	$ 2,122,582	$ 61,022	$ 14,165,492
Segment profit (loss)	$ 236,855	$ 14,992	$ 14,757	($ 14,274)	$ 252,330
Segment income (loss) include：					
Depreciation and amortisation	$ 9,797	$ 45,424	$ 65,627	$ 3,680	$ 124,528

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The Group did not provide amounts of total assets and liabilities to the chief operating decision-maker for policy making. A reconciliation of reportable segment income or loss to the income/(loss) before tax from continuing operations for the years ended December 31, 2014 and 2013 is provided as follows:

	Years ended December 31, 2014	Years ended December 31, 2013
Reportable segments income	$ 509,605	$ 266,604
Other reportable segments loss	(5,306)	(14,274)
Total segments	504,299	252,330
Other gains and losses	(8,868)	36,460
Gains (losses) on disposal of investments	(4,012)	5,047
Impairment loss	(23,234)	(13,618)
Income before tax from continuing operations	$ 468,185	$ 280,219

(5) Information on product

Detail of revenue balance is as follows:

	Years ended December 31, 2014	Years ended December 31, 2013
Total Facility Engineering Turnkey Project	$ 4,590,487	$ 3,132,628
Sales and service of high-tech equipment and materials	4,263,305	4,476,419
R&D and manufacturing of customized equipment	3,263,704	2,583,232
Automatic Supplying system	2,847,903	3,849,995
Total	$ 14,965,399	$ 14,042,274

(6) Geographical information

Details of geographical financial information for the years ended December 31, 2014 and 2013 is as follows:

Years ended December 31,

	2014		2013	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 8,275,446	$ 1,185,124	$ 7,675,052	$ 1,225,609
China	4,399,673	251,817	4,423,430	278,526
Others	2,290,280	66,952	1,943,792	63,428
Total	$ 14,965,399	$ 1,503,893	$ 14,042,274	$ 1,567,563

Note: Revenue is classified based on geographic location of customers and non-current assets are classified based on assets location.

(7) Major customer information

Information of customers whose revenue exceeds 10% of the total operating revenue for the years ended December 31, 2014 and 2013:

	Years ended December 31,			
	2014		2013	
	Revenue	Segment	Revenue	Segment
A	$ 2,980,983	Facility system and mechanic & electric system service segment	$ 3,797,583	Facility system and mechanic & electric system service segment

Note: Operating revenue from other customers did not exceed 10% of consolidated operating revenue.

MARKETECH INTERNATIONAL CORP.

SEPARATE FINANCIAL STATEMENTS

AND REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2014 AND 2013

For the convenience of readers and for information purpose only, the accountants' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language accountants' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Marketech International Corp.

We have audited the accompanying separate balance sheets of Marketech International Corp. as of December 31, 2014 and 2013, and the related separate statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These separate financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these separate financial statements based on our audits.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards 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 separate financial statements referred to above present fairly, in all material respects, the financial position of Marketech International Corp. as of December 31, 2014 and 2013, and the results of its financial performance and cash flows for the years then ended, in conformity with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers".

PricewaterhouseCoopers, Taiwan

February 26, 2015

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

MARKETECH INTERNATIONAL CORP.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			December 31, 2014		December 31, 2013	
	ASSETS	Notes	Amount	%	Amount	%
	Current Assets					
1100	Cash and cash equivalents	6(1)	$ 634,883	7	$ 452,736	6
1110	Financial assets at fair value through profit or loss-current	6(2)	11,696	-	12,601	-
1125	Available-for-sale financial assets-current	6(3)	-	-	5,273	-
1150	Notes receivable, net		19,109	-	108,183	2
1170	Accounts receivable, net	6(4)(6)	2,072,267	23	1,510,556	20
1180	Accounts receivable-related parties, net	7	36,621	-	19,028	-
1190	Construction contracts receivable	6(6) and 7	1,758,141	19	1,052,858	14
1200	Other receivables	7	41,305	1	20,660	-
130X	Inventories, net	6(5)	1,251,338	14	1,225,466	16
1410	Prepayments		208,680	2	131,978	2
1470	Other current assets		34,054	-	9,546	-
11XX	**Total current assets**		6,068,094	66	4,548,885	60
	Non-current assets					
1543	Financial assets at cost-non-current	6(7)	293,027	3	300,734	4
1550	Investments accounted for using equity method	6(8)	1,542,064	17	1,391,928	18
1600	Property, plant and equipment, net	6(9) and 7	1,168,848	13	1,213,528	16
1780	Intangible assets	7	14,469	-	11,097	-
1840	Deferred tax assets	6(19)	101,109	1	84,061	1
1900	Other non-current assets	6(7)	10,583	-	40,761	1
15XX	**Total non-current assets**		3,130,100	34	3,042,109	40
1XXX	**TOTAL ASSETS**		$ 9,198,194	100	$ 7,590,994	100

(Continued)

MARKETECH INTERNATIONAL CORP.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	LIABILITIES AND EQUITY	Notes	December 31, 2014 Amount	%	December 31, 2013 Amount	%
	Current Liabilities					
2150	Notes payable		$ 807,648	9	$ 580,804	8
2170	Accounts payable		2,371,283	26	1,531,351	20
2180	Accounts payable – related parties	7	21,113	-	16,185	-
2190	Construction contracts payable	6(6)	916,758	10	675,926	9
2200	Other payables	6(10)	297,041	3	292,620	4
2230	Current tax liabilities	6(19)	74,238	1	47,001	1
2310	Advance receipts		161,072	1	141,232	2
2399	Other current liabilities, others		9,464	-	19,222	-
21XX	**Total current liabilities**		4,658,617	50	3,304,341	44
	Non-current liabilities					
2570	Deferred tax liabilities	6(19)	46,703	1	37,527	-
2600	Other non-current liabilities	6(11)	117,416	1	129,828	2
25XX	**Total non-current liabilities**		164,119	2	167,355	2
2XXX	**TOTAL LIABILITIES**		4,822,736	52	3,471,696	46
	Equity					
	Share capital	6(13)				
3110	Ordinary shares		1,650,698	18	1,650,568	22
	Capital surplus	6(14)				
3200	Capital surplus		616,354	7	616,276	8
	Retained earnings	6(15)				
3310	Legal reserve		490,931	5	468,670	6
3320	Special reserve		92,239	1	92,239	1
3350	Unappropriated retained earnings		1,467,273	16	1,279,330	17
	Other equity					
3400	Other equity		57,963	1	12,215	-
3XXX	**TOTAL EQUITY**		4,375,458	48	4,119,298	54
	Significant contingent liabilities and unrecognised contract commitments	7 and 9				
	Significant events after the balance sheet date	11				
	TOTAL LIABILITIES AND		$ 9,198,194	100	$ 7,590,994	100

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

MARKETECH INTERNATIONAL CORP.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

EQUITY

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

MARKETECH INTERNATIONAL CORP.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Notes	2014 Amount	2014 %	2013 Amount	2013 %
4000	**Operating Revenue**	6(16) and 7	$ 10,432,963	100	$ 9,518,958	100
5000	**Operating Costs**	6(5)(11) (18) and 7	(9,144,096)	(88)	(8,409,567)	(89)
5900	**Gross profit**		1,288,867	12	1,109,391	11
	Operating Expenses	6(11)(18) and 7				
6100	Sales and marketing expenses		(238,015)	(2)	(255,479)	(3)
6200	General and administrative expenses		(378,058)	(4)	(379,025)	(4)
6300	Research and development expenses		(151,827)	(1)	(150,727)	(1)
6000	**Total operating expenses**		(767,900)	(7)	(785,231)	(8)
6900	**Operating income**		520,967	5	324,160	3
	Non-operating income and expenses					
7010	Other income	7	40,441	1	46,082	1
7020	Other gains and losses	6(17)	14,762	-	27,730	-
7050	Finance costs		(2,960)	-	(2,230)	-
7070	Share loss of subsidiaries, associates and joint ventures accounted for under equity method		(108,372)	(1)	(114,950)	(1)
7000	**Total non-operating income and expenses**		(56,129)	-	(43,368)	-
7900	**Profit before income tax**		464,838	5	280,792	3
7950	Income tax expense	6(19)	(80,293)	(1)	(58,177)	(1)
8200	**Net income**		$ 384,545	4	$ 222,615	2
	Other comprehensive income, net					
8310	Exchange differences on translation		$ 56,035	-	$ 60,990	1
8325	Unrealised loss on valuation of available-for-sale financial assets	6(3)	(1,512)	-	(3,496)	-
8360	Actuarial gains on defined benefit plans	6(11)	9,267	-	25,834	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method		911	-	1,056	-
8399	Income tax relating to components of other comprehensive income	6(19)	(11,262)	-	(14,941)	-
8300	**Other comprehensive income, net of tax**		$ 53,439	-	$ 69,443	1
8500	**Total comprehensive income**		$ 437,984	4	$ 292,058	3
9750	**Basic earnings per share**	6(20)	$	2.33	$	1.35
9850	**Diluted earnings per share**	6(20)	$	2.30	$	1.34

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

MARKETECH INTERNATIONAL CORP.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

			Capital surplus		Retained Earnings			Other equity		
	Notes	Ordinary share	Capital surplus — share premium	Capital surplus — others	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealised gain or loss on available-for-sale financial assets	Total equity
2013										
Balance at January 1, 2013		$ 1,645,778	$ 612,811	$ 366	$ 442,729	$ 92,239	$ 1,226,039	($ 40,794)	$ 5,008	$ 3,984,176
Appropriation and distribution of earnings for 2012: (Note)	6(15)									
Legal reserve		-	-	-	25,941	-	(25,941)	-	-	-
Cash dividends		-	-	-	-	-	(164,578)	-	-	(164,578)
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method		-	-	(15)	-	-	(247)	-	-	(262)
Share-based payment	6(12)(13)(14)	4,790	3,114	-	-	-	-	-	-	7,904
Profit for 2013		-	-	-	-	-	222,615	-	-	222,615
Other comprehensive income for 2013		-	-	-	-	-	21,442	51,497	(3,496)	69,443
Balance at December 31, 2013		$ 1,650,568	$ 615,925	$ 351	$ 468,670	$ 92,239	$ 1,279,330	$ 10,703	$ 1,512	$ 4,119,298
2014										
Balance at January 1, 2014		$ 1,650,568	$ 615,925	$ 351	$ 468,670	$ 92,239	$ 1,279,330	$ 10,703	$ 1,512	$ 4,119,298
Appropriation and distribution of earnings for 2013: (Note)	6(15)									
Legal reserve		-	-	-	22,261	-	(22,261)	-	-	-
Cash dividends		-	-	-	-	-	(181,562)	-	-	(181,562)
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method		-	-	-	-	-	(470)	-	-	(470)
Share-based payment	6(12)(13)(14)	130	78	-	-	-	-	-	-	208
Profit for 2014		-	-	-	-	-	384,545	-	-	384,545
Other comprehensive income for 2014		-	-	-	-	-	7,691	47,260	(1,512)	53,439
Balance at December 31, 2014		$ 1,650,698	$ 616,003	$ 351	$ 490,931	$ 92,239	$ 1,467,273	$ 57,963	$ -	$ 4,375,458

Note: The stockholders have resolved to distribute directors' and supervisors' remuneration of $2,003 and employees' bonus of $24,919 for 2013 and distribute directors' and supervisors' remuneration of $2,335 and employees' bonus of $28,631 for 2012. All amounts have been deducted from the statements of comprehensive income.

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

MARKETECH INTERNATIONAL CORP.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 464,838	$ 280,792
Adjustments			
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(17)	(3,822)	(821)
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method		108,372	114,950
Loss (gain) on disposal of investments	6(17)	4,012	(5,047)
Depreciation	6(9)(18)	77,311	77,951
Amortisation	6(18)	11,831	9,556
Gain on disposal of property, plant and equipment		(426)	(196)
Impairment loss on financial assets	6(17)	23,234	12,995
Interest income		(841)	(574)
Interest expense		2,960	2,230
Dividend income		(7,652)	(6,446)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets measured at fair value through profit or loss – current		4,727	-
Notes receivable, net		89,074	47,945
Accounts receivable, net		(561,711)	(40,132)
Accounts receivable – related parties, net		(17,593)	9,738
Construction contracts receivable		(705,283)	(304,117)
Other receivables		(15,390)	(8,708)
Inventories		(25,872)	(155,399)
Prepayments		(76,702)	1,338
Other current assets		399	29,217

MARKETECH INTERNATIONAL CORP.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2014	2013
Net changes in liabilities relating to operating activities			
Notes payable		226,844	148,535
Accounts payable		839,932	97,044
Accounts payable – related parties		4,928	(6,255)
Construction contracts payable		240,832	(161,398)
Other payables		4,421	112,606
Advance receipts		19,840	(50,320)
Other current liabilities – others		(9,758)	4,303
Other non-current liabilities		(1,526)	(1,056)
Cash inflow generated from operations		696,979	208,731
Interest received		750	524
Dividends received		7,652	6,446
Interest paid		(2,960)	(2,230)
Income tax paid		(71,023)	(54,272)
Net cash provided by operating activities		631,398	159,199

(Continued)

	Notes	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets – current		$ 5,503	$ 11,749
Increase in other receivables – related parties		(6,330)	-
Acquisition of financial assets measured at cost – non-current		-	(31,042)
Proceeds from capital reduction of financial assets measured at cost – non-current		497	2,640
Acquisition of investments accounted for using equity method – subsidiaries		(204,405)	(65,776)
Acquisition of investments accounted for using equity method		(4,915)	-
Proceeds from subsidiaries' capital reduction		-	3,991
Acquisition of property, plant and equipment	6(9)	(33,849)	(198,271)
Proceeds from disposal of property, plant and equipment		1,644	813
Acquisition of intangible assets		(15,203)	(10,059)
Increase in refundable deposits		(10,753)	(15,287)
Increase in prepayments for investments	6(7)	-	(16,024)
Net cash used in investing activities		(267,811)	(317,266)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long-term borrowings		-	150,000

MARKETECH INTERNATIONAL CORP.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2014	2013
Repayment of long-term borrowings		-	(150,000)
Decrease in guarantee deposits received		(86)	(2)
Proceeds from exercise of employee stock options		208	7,904
Cash dividends paid	6(15)	(181,562)	(164,578)
Net cash used in financing activities		(181,440)	(156,676)
Net increase (decrease) in cash and cash equivalents		182,147	(314,743)
Cash and cash equivalents at beginning of year	6(1)	452,736	767,479
Cash and cash equivalents at end of year	6(1)	$ 634,883	$ 452,736

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

MARKETECH INTERNATIONAL CORP.
NOTES TO SEPARATE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(EXPRESSED IN NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

ORGANIZATION AND OPERATIONS

Marketech International Corp. (the "Company") was incorporated in the Republic of China (ROC) on December 27, 1988. On October 17, 2002, the Company's common shares was officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares was transferred to be listed on the Taiwan Stock Exchange. The Company is mainly engaged in (i)import and trade of various integrated circuits, semiconductors, electrical and computer equipment and materials, chemicals, gas, components; (ii)factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitor system, Turn-key and Hook-up Project and (iii)design and manufacturing of customized equipment.

THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE SEPARATE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The separate financial statements were approved and authorized for issuance by the Board of Directors on February 24, 2015.

APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

None.

Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (excluding IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers " effective January 1, 2015 (collectively referred herein as the "2013 version of IFRSs") in preparing the separate financial statements. The related new standards, interpretations and amendments are listed below:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by International Accounting Standards Board
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendments to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendments to IFRS 1)	July 1, 2011
Government loans (amendments to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendments to IFRS 7)	July 1, 2011
Disclosures－Offsetting of financial assets and financial liabilities (amendments to IFRS 7)	January 1, 2013
IFRS 10, 'Consolidated financial statements'	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11,'Joint arrangements'	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendments to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendments to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28,'Investments in associates and joint ventures' (as amended in 2011)	January 1, 2013
Offsetting of financial assets and financial liabilities (amendments to IAS 32)	January 1, 2014
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

Based on the Company's assessment, the adoption of the 2013 version of IFRSs will not have significant impact on the separate financial statements of the Company, except for the following:

A.IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in other comprehensive income (OCI) classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

B.IFRS 10, 'Consolidated financial statements'

The standard replaces the requirements relating to consolidated financial statements in IAS 27, ‘Consolidated and separate financial statements’ and IAS 27 therefore is renamed ‘Separate financial statements’; the standard also supersedes requirements in SIC-12, ‘Consolidation-special purpose entities’. The standard defines the principle of control that an investor controls an investee if and only if the investor has all three elements of control. Accordingly, the Company will adjust its definition of control.

C.IFRS 12, ‘Disclosure of interests in other entities’

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Company will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D.IFRS 13, ‘Fair value measurement’

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. Also, the standard requires disclosures about fair value measurements. Based on the Company’s assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Company will disclose additional information about fair value measurements accordingly.

E.IAS 19 (revised), ‘Employee benefits’

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service cost will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognised in other comprehensive income. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity’s future cash flows.

Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. Operating expenses would be decreased by $257, other comprehensive income would be decreased by $257, income tax related to components of other comprehensive income would be increased by $44 for the year ended December 31, 2014 at the first-time adoption.

IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by International Accounting Standards Board (Note1)
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016 (Note4)
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014 (Note2)
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016 (Note3)

The Company is assessing the potential impact of the new, revised or amended standards and interpretations above and has not yet been able to reliably estimate their impact on the separate financial statements.

Note 1: The aforementioned new, revised or amended standards or interpretations are effective after fiscal year beginning on or after the effective dates, unless specified otherwise.

Note 2: The amendment prospectively applies to share-based payment transactions for which the grant date is on or after 1 July 2014; the amendments apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014; the amendment of IFRS13 is effective when the amendment is issued ; the remaining amendments are effective for annual periods beginning on or after 1 January 2016.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 10 and IFRS28 are applied prospectively to changes in a method disposal that occur in annual periods beginning on or after January 1, 2016.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(3) Statement of compliance

The separate financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis of preparation

A.Except for the following items, the separate financial statements have been prepared under the historical cost convention:

(a)Financial assets and financial liabilities at fair value through profit or loss.

(b)Available-for-sale financial assets measured at fair value.

(c)Liabilities on cash-settled share-based payment arrangements measured at fair value.

(d)Defined benefit liabilities recognised based on the net amount of pension fund assets plus unrecognised actuarial losses, and less unrecognised actuarial gains and present value of defined benefit obligation.

B.The preparation of financial statements in conformity with the IFRSs as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 5.

Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The separate financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and presentation currency.

A.Foreign currency transactions and balances

(a)Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b)Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c)Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d)All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

B.Translation of foreign operations

(a)The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b)When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c)When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d)Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

C. Assets and liabilities relating of undertaking construction are classified as a current and non-current based on operating cycle.

Cash and cash equivalents

A. Cash and cash equivalents include petty cash, bank deposits and other short-term and highly liquid investments in the separate statements of cash flows.

B. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

B. On a regular way purchase or sale basis, financial assets held for trading, except for beneficiary certificates, are recognised and derecognised using settlement date accounting. Others are recognised and derecognised using trade date accounting. Financial assets initially designed at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

Notes and accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

Impairment of financial assets

A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a)Significant financial difficulty of the issuer or debtor;

(b)A breach of contract, such as a default or delinquency in interest or principal payments;

(c)The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d)It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e)The disappearance of an active market for that financial asset because of financial difficulties;

(f)Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g)Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h)A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C.When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a)<u>Financial assets measured at amortised cost</u>

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(2)<u>Financial assets measured at cost</u>

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss.

Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset directly.

(3)Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset directly.

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

Inventories

The perpetual inventory system is adopted for inventory recognition. Cost is the basis for recognition and is determined using the weighted-average method. Costs include acquisition, manufacturing or processing costs to make inventories available for sale or use. These exclude borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value for the measure of the ending inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

Construction contracts

A.IAS 11, 'Construction Contracts', defines a construction contract as a contract specifically negotiated for the construction of an asset. If the outcome of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract. An expected loss where total contract costs will exceed total contract revenue on a construction contract should be recognised as an expense as soon as such loss is probable. If the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognised only to the extent of contract costs incurred that it is probable will be recoverable.

B.Contract revenue should include the revenue arising from variations from the original contract work, claims and incentive payments that are agreed by the customer and can be measured reliably.

C.The excess of the cumulative costs incurred plus recognised profits (less recognised losses) over the progress billings on each construction contract is presented as an asset within ‘Construction contracts receivable’. While, the excess of the progress billings over the cumulative costs incurred plus recognised profits (less recognised losses) on each construction contract is presented as a liability within ‘Construction contracts payable’.

Investments accounted for using equity method / subsidiaries and associates

A.Investments in subsidiaries

(a)Subsidiaries refer to the entities (including special purpose entities) that the Company has control over their financial and operating policies and own more than 50% of voting shares directly or indirectly. The Company evaluates investments in subsidiaries accounted under equity method in these separate financial statements.

(b)Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

(c)The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

(d)If changes in the Company’s shares in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

(e)When the Company loses its control in a subsidiary, the Company revalues the remaining investment in the prior subsidiary at fair value, and recognises the difference between fair value and book value in the profit or loss for the period. The accounting treatment on the previously recognised amount related to the subsidiary in other comprehensive income is the same as the basis if the Company directly disposes related assets or liabilities, which means if the Company has recognised gain or loss in other comprehensive income, the Company should reclassify the gain or loss on disposal of related assets or liabilities to profit or loss; and when the Company loses control in the subsidiary, the gain or loss should be reclassified from equity to profit or loss.

B.Investments in associates

(a)Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

(b)The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

(c)When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

(d)Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

(e)In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

(f)Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

(g)When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(h)When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

C.Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the separate financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the separate financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

Property, plant and equipment

A.Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B.Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C.Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D.The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets’ residual values and useful lives differ from previous estimates or the patterns of consumption of the assets’ future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	4～55 years
Machinery and office equipment	3～15 years
Other equipment	2～8 years

Leases (leasee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

Intangible assets

A.Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

B.Trademarks

Trademarks are acquired in a business combination.

C.Other intangible assets

Other intangible assets are technology royalties which are stated at cost and amortised on a straight-line basis over the contract duration.

Impairment of non-financial assets

A.The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B.Goodwill is evaluated annually and is recorded as cost less impairment loss. Impairment loss of goodwill shall not be reversed.

C.For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognised at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortisation and the best estimate of the amount required to settle the present obligation on each balance sheet date.

Employee benefits

A.Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B.Pensions

(a)Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b)Defined benefit plans

i. Defined benefit plans are non-defined contribution plans. Pension benefit amount from defined benefit plans is collected at retirement and is based on one or more factors such as age, service duration and salary. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

C.Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Company calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

Income tax

A.The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B.The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C.Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D.Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E.Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F.A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

Revenue recognition

A.Construction revenue

Details of construction revenue are provided in Note 4(12).

B.Sales of goods

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods (products) to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods should be recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods (products) is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods (products) sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these separate financial statements require management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Related information of such assumptions and estimates is addressed below:

(4) Critical judgements in applying the Company's accounting policies

None.

(5) Critical accounting estimates and assumptions

A.Construction contract

The Company recognises contract revenue and profit based on management's evaluation to contract profit and percentage of completion. Management examines and corrects the contract profit and cost during execution of the contract. The actual result of the total profit and cost may be higher or lower than the estimation, and the effect is recognised in revenue and profit.

B.Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

DETAILS OF SIGNIFICANTACCOUNTS

(6) Cash and cash equivalents

	December 31,	
	2014	2013
Cash on hand	$ 4,201	$ 3,984
Checking accounts and demand deposits	630,682	448,752
Total	$ 634,883	$ 452,736

A.The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B.The Company has no cash and cash equivalents pledged to others.

Financial assets at fair value through profit or loss – current

	December 31,	
	2014	2013
Current items:		
Financial assets held for trading		
Listed stocks	$ 14,192	$ 17,229
Valuation adjustment of financial assets held for sale	(2,496)	(4,628)
Total	$ 11,696	$ 12,601

A.The Company recognised net gain of $3,822 and $821 on financial assets held for trading for the years ended December 31, 2014 and 2013, respectively.

B.The Company has no financial assets at fair value through profit or loss pledged to others.

Available-for-sale financial assets – current

	December 31, 2014	December 31, 2013
Current items:		
Listed stocks	$ -	$ 3,761
Valuation adjustment of financial assets held for sale	-	1,512
Total	$ -	$ 5,273

A.The Company recognised gain of $1,742 and $5,047 on disposal of investments for disposing available-for-sale financial assets in 2014 and 2013, respectively.

B.The Company recognised unrealised valuation loss of $1,512 and $3,496 on available-for-sale financial assets in other comprehensive income for changes in fair value in 2014 and 2013, respectively.

C.The Company has no available-for-sale financial assets pledged to others.

Accounts receivable

	December 31, 2014	December 31, 2013
Accounts receivable	$ 2,244,002	$ 1,682,486
Less: allowance for bad debts	(171,735)	(171,930)
	$ 2,072,267	$ 1,510,556

A.The maximum exposure to credit risk at December 31, 2014 and 2013 was the carrying amount of each class of accounts receivable.

B.The Company does not hold any collateral as security.

Inventories

	December 31, 2014		
	Cost	Allowance for valuation loss and loss for obsolete and slow-moving inventories	Book value
Materials	$ 298,419	($ 11,490)	$ 286,929
Merchandise inventory	236,487	(31,259)	205,228
Raw materials	327,596	(12,128)	315,468
Supplies	19,735	(1,461)	18,274
Work in process	333,923	(4,452)	329,471
Semi-finished goods and finished goods	101,178	(5,210)	95,968
Total	$ 1,317,338	($ 66,000)	$ 1,251,338

	December 31, 2013		
	Cost	Allowance for valuation loss and loss for obsolete and slow-moving inventories	Book value
Materials	$ 271,447	($ 8,816)	$ 262,631
Merchandise inventory	405,461	(36,049)	369,412
Raw materials	269,703	(13,431)	256,272
Supplies	22,601	(1,549)	21,052
Work in process	178,657	(10,718)	167,939
Semi-finished goods and finished goods	152,597	(4,437)	148,160
Total	$ 1,300,466	($ 75,000)	$ 1,225,466

Relevant expenses of inventories recognised as operating costs for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Cost of sales	$ 3,016,823	$ 2,688,770
Construction cost	5,695,248	5,280,122
Other operating cost	441,025	426,675
(Gain on reversal of) valuation loss and loss for market value decline and obsolete and slow-moving inventories (Note)	(9,000)	14,000
	$ 9,144,096	$ 8,409,567

Note:The gain on reversal was due to the Company's recognition of impairment loss on inventories when the related inventory items were scrapped or sold.

The Company has no inventories pledged to others.

Construction contracts receivable / payable

	December 31,	
	2014	2013
Aggregate costs incurred plus recognised profits (less recognised losses)	$ 10,753,809	$ 8,844,956
Less: progress billings	(9,912,426)	(8,468,024)
Net balance sheet position for construction in progress	$ 841,383	$ 376,932
Presented as:		
Construction contracts receivable	$ 1,758,141	$ 1,052,858
Construction contracts payable	(916,758)	(675,926)
	$ 841,383	$ 376,932
Retentions relating to construction contracts	$ 33,919	$ 14,888
Advances received before the related construction work is performed	$ -	$ -

Financial assets measured at cost – non-current/ prepayments to long-term investments

	December 31, 2014	December 31, 2013
Non-current items:		
Taiwan Intelligent Fiber Optic Network Co., Ltd.	$ 44,024	$ 28,000
Ares Green Technology Corp.	43,481	43,481
Taiwan Puritic Corp.	39,287	39,287
Calitech Co., Ltd.	38,675	38,675
VEEV Interactive Pte. Ltd.	25,243	28,243
H&D Venture Capital Investment Corp.	20,000	20,000
Civil Tech Pte. Ltd.	19,500	19,500
ProbeLeader Co., Ltd.	14,490	14,490
H&H Venture Capital Investment Corp.	12,000	12,000
IP Fund Six Co., Ltd.	10,000	10,000
SOPOWER Technology Corp.	4,500	19,500
Others (companies with each not exceeding $10,000)	21,827	27,558
Total	$ 293,027	$ 300,734
Prepayments to long-term investments (listed as 'other non-current assets')		
Taiwan Intelligent Fiber Optic Network Co., Ltd.	$ -	$ 16,024

A.According to the Company's investment purpose, the abovementioned stocks held by the Company shall be classified as 'available-for-sale financial assets'. However, as the stocks are not traded in an active market, and no sufficient industry information of companies similar to the abovementioned companies can be obtained, the fair value of the stocks cannot be measured reliably. The Company classified those stocks as 'financial assets measured at cost – non-current'.

B.The ending balance of SOPOWER Technology Corp. for the year ended December 31, 2014 was assessed to decline dramatically and would be lower than the original investment cost. Therefore, impairment loss of $15,000, was recognised on equity investment.

C.The ending balance of SOPOWER Technology Corp. for the year ended December 31, 2013 was assessed to decline dramatically and would be lower than the original investment cost. Therefore, impairment loss of $10,500, was recognised on equity investment.

D.The Company has no financial assets measured at cost pledged to others.

Investments accounted for using equity method

	December 31, 2014		December 31, 2013	
	Carrying amount	% interest held	Carrying amount	% interest held
Market Go Profits Ltd.	$ 1,301,288	100%	$ 1,176,730	100%
Marketech Integrated Pte. Ltd.	42,955	100%	46,244	100%
Headquarter International Ltd.	41,483	100%	38,934	100%
MIC-Tech Viet Nam Co., Ltd.	41,354	100%	23,228	100%
Tiger United Finance Ltd.	40,578	100%	38,476	100%
Glory Technology Service Inc.	29,082	40%	25,918	40%
Hoa Phong Marketech Co., Ltd.	19,241	100%	8,346	40%
eZoom Information, Inc.	8,880	100%	18,980	100%
Marketech Engineering Pte. Ltd.	7,717	100%	-	-
MIC-Tech Global Corp.	7,102	100%	11,943	100%
MIC Techno Co., Ltd.	2,069	20%	2,325	20%
True Victor International Limited	315	38.57%	804	38.57%
	$ 1,542,064		$ 1,391,928	

A. Subsidiaries

(a) Details of the Company's subsidiaries are provided in Note 4(3) of the Group's 2014 consolidated financial statements.

(b) The Company originally held 40% share capital of Hoa Phong Marketech Co., Ltd. (Hoa Phong MIC). The stockholders who held the remaining 60% of share capital surrendered their shares in August 2014 and registered the change in October 2014. As the Company holds all voting rights in Hoa Phong MIC, it is included in the consolidated entities. Details are provided in Note 6(26) in the 2014 consolidated financial statements.

B. Associates

The financial information of the Company's principal associates is summarized below:

	Assets	Liabilities	Revenue	Profit/(loss)
December 31, 2014	$ 280,997	$ 198,345	$ 250,462	$ 5,292
December 31, 2013	$ 301,588	$ 220,762	$ 228,320	$ 2,874

Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
At January 1, 2014						
Cost	$ 205,438	$ 1,386,164	$ 374,338	$ 103,478	$ 13,312	$ 2,082,730
Accumulated depreciation	-	(479,021)	(299,719)	(81,836)	(8,626)	(869,202)
Book value	$ 205,438	$ 907,143	$ 74,619	$ 21,642	$ 4,686	$ 1,213,528
2014						
Opening net book amount	$ 205,438	$ 907,143	$ 74,619	$ 21,642	$ 4,686	$ 1,213,528
Additions	-	3,364	11,829	9,009	9,647	33,849
Disposals	-	-	(1,171)	(47)	-	(1,218)
Depreciation charges	-	(49,834)	(17,695)	(9,671)	(111)	(77,311)
Closing net book amount	$ 205,438	$ 860,673	$ 67,582	$ 20,933	$ 14,222	$ 1,168,848
At December 31, 2014						
Cost	$ 205,438	$ 1,389,528	$ 355,159	$ 101,979	$ 22,451	$ 2,074,555
Accumulated depreciation	-	(528,855)	(287,577)	(81,046)	(8,229)	(905,707)
Book value	$ 205,438	$ 860,673	$ 67,582	$ 20,933	$ 14,222	$ 1,168,848

	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
At January 1, 2013						
Cost	$ 135,801	$ 1,274,301	$ 372,140	$ 99,772	$ 15,724	$ 1,897,738
Accumulated depreciation	-	(428,582)	(286,004)	(80,552)	(8,775)	(803,913)
Book value	$ 135,801	$ 845,719	$ 86,136	$ 19,220	$ 6,949	$ 1,093,825
2013						
Opening net book amount	$ 135,801	$ 845,719	$ 86,136	$ 19,220	$ 6,949	$ 1,093,825
Additions	-	16,367	2,858	10,771	5,281	35,277
Transfers (Note)	69,637	95,496	4,960	-	(7,099)	162,994
Disposals	-	-	(200)	(417)	-	(617)
Depreciation charges	-	(50,439)	(19,135)	(7,932)	(445)	(77,951)
Closing net book amount	$ 205,438	$ 907,143	$ 74,619	$ 21,642	$ 4,686	$ 1,213,528
At December 31, 2013						
Cost	$ 205,438	$ 1,386,164	$ 374,338	$ 103,478	$ 13,312	$ 2,082,730
Accumulated depreciation	-	(479,021)	(299,719)	(81,836)	(8,626)	(869,202)
Book value	$ 205,438	$ 907,143	$ 74,619	$ 21,642	$ 4,686	$ 1,213,528

Note:Transfers are transferred from prepayments for equipment (listed as 'other non-current assets').

A. The Company has no interest capitalised to property, plant and equipment.

B. The Company has no property, plant and equipment pledged to others.

Other payables

	December 31, 2014	December 31, 2013
Salaries and bonus payable	$ 206,595	$ 209,132
Accrued employees' bonus and directors' and supervisors' remuneration	38,221	27,016
Others	52,225	56,472
Total	$ 297,041	$ 292,620

Pensions

A.(a)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b)The amounts recognised in the balance sheet are determined as follows:

	December 31,	
	2014	2013
Present value of defined benefit obligations	$ 221,827	$ 225,998
Fair value of plan assets	(106,710)	(100,089)
Net liability in the balance sheet (listed as 'other non-current liabilities')	$ 115,117	$ 125,909

(c)Changes in present value of funded obligations are as follows:

	Year ended December 31,	
	2014	2013
Present value of defined benefit obligations at January 1	($ 225,998)	($ 251,427)
Current service cost	(1,402)	(1,469)
Interest cost	(4,513)	(3,930)
Actuarial profit	8,687	26,346
Settlement	1,399	4,482
Present value of defined benefit obligations at December 31	($ 221,827)	($ 225,998)

(d)Changes in fair value of plan assets are as follows:

	Year ended December 31,	
	2014	2013
Fair value of plan assets at January 1	$ 100,089	$ 98,627
Expected return on plan assets	1,800	1,763
Profit (loss) on plan assets	580	(512)
Employer contributions	5,446	5,688
Settlement	(1,205)	(5,477)
Fair value of plan assets at December 31	$ 106,710	$ 100,089

(e)Amounts of expenses recognised in comprehensive income statements are as follows:

	Year ended December 31, 2014	Year ended December 31, 2013
Current service cost	$ 1,402	$ 1,469
Interest cost	4,513	3,930
Expected return on plan assets	(1,800)	(1,763)
Settlement loss	(194)	996
Current pension costs	$ 3,921	$ 4,632

Details of abovementioned pension costs recognised as cost and expenses in comprehensive income statements are as follows:

	Years ended December 31, 2014	Years ended December 31, 2013
Operating costs	$ 1,681	$ 1,968
Sales and marketing expenses	529	645
General and administrative expenses	1,477	1,732
Research and development expenses	234	287
	$ 3,921	$ 4,632

(f)Amounts recognised under other comprehensive income in the statements of comprehensive income are as follows:

	Years ended December 31, 2014	Years ended December 31, 2013
Recognition for current period	($ 9,267)	($ 25,834)
Accumulated amount	($ 19,306)	($ 10,039)

(g)The Bank of Taiwan was commissioned to manage the Fund of the Company’s defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund’s minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

For the years ended December 31, 2014 and 2013, the Company’s actual returns on plan assets were $2,380 and $1,251, respectively.

(h)The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2014	2013
Discount rate	2.00%	2.00%
Future salary increases	2.00%	2.50%
Expected return on plan assets	1.75%	1.75%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(i)Historical information of experience adjustments was as follows:

	Years ended December 31,		
	2014	2013	2012
Present value of defined benefit obligations	($ 221,826)	($ 225,998)	($ 251,426)
Fair value of plan assets	106,709	100,089	98,627
Deficit in the plan	($ 115,117)	($ 125,909)	($ 152,799)
Experience adjustments on plan liabilities	$ 8,687	$ 26,346	($ 14,797)
Experience adjustments on plan assets	$ 580	($ 512)	($ 998)

(j)Expected contributions to the defined benefit pension plans of the Company within one year from December 31, 2014 amounts to $6,228.

B.(a)Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2014 and 2013 were $32,135 and $33,275, respectively.

Share-based payment

The Company's compensatory stock options are set at the closing price of the Company's ordinary shares at December 31, 2007 and June 13, 2008. After the issuance of stock options, if the amount of the Company's ordinary shares is changed, the price of stock options shall be adjusted according to the specified formula. The stock option life is 6 years, 50% can be vested after 2 years' service; 70% can be vested after 3 years' service; and 100% can be vested after 4 years' service.

A.Details of the share-based payment arrangements are as follows:

	Years ended December 31,			
	2014		2013	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the year	130	$ 16.00	1,943	$ 16.47
Options granted	-	-	-	-
Distribution of stock dividends / adjustments for number of shares granted for one unit of option	-	-	-	-
Options exercised	(13)	16.00	(479)	16.50
Options forfeited	(117)	16.00	(1,334)	16.50
Options outstanding at end of the year	-	(Note)	130	16.00
Options exercisable at end of the year	-	(Note)	130	16.00

Note: The Company's compensatory stock options were all expired on June 12, 2014.

B.The weighted-average stock price of stock options at exercise dates for the period from January 1, 2014 to June 12, 2014 and for the year ended December 31, 2013 was $21.95 (in dollars) and $18.23 (in dollars), respectively.

Share capital

A.To increase the Company's working capital, the Company has exercised employees' stock options during 2014 and 2013. The capital increase was approved by the Financial Supervisory Commission (FSC). The registration was completed in April 2014 and April 2013.

B.As of December 31, 2014, the Company's authorized capital was $2,500,000, consisting of 250,000 thousand shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was $1,650,698 with a par value of $10 (in dollars) per share amounting to 165,069,756 shares. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2014	2013
At January 1	165,056,756	164,577,756
Share-based payment	13,000	479,000

At December 31	165,069,756	165,056,756

C. On December 24, 2014, the Board of Directors have resolved to issue employee stock options of 4,000 thousand units. The subscription price of employee stock options on the issuance date was based on the closing price of the Company's ordinary shares. As of February 26, 2015, the employee stock options have not been approved by the Competent Authority.

Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2014				
	Share premium	Changes in equity of associates and joint ventures accounted for using equity method	Employee stock options	Expired stock options	Total
At January 1, 2014	$ 615,925	$ -	$ 351	$ -	$ 616,276
Employee stock options exercised	78	-	-	-	78
Unexercised employee stock options that were past due and transferred to expired options	-	-	(351)	351	-
At December 31, 2014	$ 616,003	$ -	$ -	$ 351	$ 616,354

	2013				
	Share premium	Changes in equity of associates and joint ventures accounted for using equity method	Employee stock options	Expired stock options	Total
At January 1, 2013	$ 612,811	$ 15	$ 351	$ -	$ 613,177
Employee stock options exercised	3,114	-	-	-	3,114
Changes in net equity of subsidiary associates and joint ventures accounted for using equity method	-	(15)	-	-	(15)
At December 31, 2013	$ 615,925	$ -	$ 351	$ -	$ 616,276

Retained earnings

A.Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve. Stock dividends should be appropriated at a rate of 10% per annum. The remainder, if any, 1% shall be appropriated as the directors' and supervisors' remuneration and 1%~15% shall be appropriated as the employees' bonus. The remaining along with the prior years' unappropriated earnings are resolved by the Board of Directors and proposed to the stockholders for appropriation or reserve. However, appropriation of legal reserve is not included as the amount of accumulated legal reserve equals the Company's total capital.

B.The Company's dividend policy is summarized below: as to react to the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure are the principles and distribution of dividends shall not exceed 50% of the stock dividend distributed.

C.Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D.(a)In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b)The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E.For the years ended December 31, 2014 and 2013, employees' bonus and directors' and supervisors' remuneration are accrued as follows:

	2014	2013
Employees' bonus	$ 34,715	$ 24,919
Directors' and supervisors' remuneration	3,506	2,097
	$ 38,221	$ 27,016

Employees' bonus and directors' and supervisors' remuneration of 2014 and 2013 were accrued based on pre-audited earnings of 2014 and 2013, as well as legal reserve and others. The basic accrual is within the percentage stated in the Company's Articles of Incorporation (10% for employees' bonus and 1% for directors' and supervisors' remuneration for both 2014 and 2013). The calculation of bonus distributed for stocks is based on the closing price at one day before the annual stockholders' meeting and considers the effect of ex-right and ex-dividend. Bonus distribution is recognised as operating expense. However, if the amount differs from the actual appropriation amount approved by the stockholders, the difference is recognised as profit or loss for the years of stockholders' approval.

F.(a)Details of 2013 and 2012 earnings appropriation resolved by the stockholders on June 12, 2014 and June 11, 2013, respectively are as follows:

	2013		2012	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 22,261	$ -	$ 25,941	$ -
Cash dividends	181,562	1.1	164,578	1.0
Total	$ 203,823		$ 190,519	

Note:The earnings of 2013 distributed as employees' cash bonus of $24,919 and directors' and supervisors' remuneration of $2,003 was approved by the stockholders. The difference of $94 between the amount recognised in the 2013 financial statements was adjusted as an increase to profit or loss in 2014. The earnings of 2012 distributed as employees' cash bonus of $28,631 and directors' and supervisors' remuneration of $2,335 was approved by the stockholders. The difference of $75 between the amount recognised in the 2012 financial statements was adjusted as an increase to profit or loss in 2013.

The abovementioned earnings distribution of 2013 and 2012 were the same as the amounts proposed by the Board of Directors on March 7, 2014, April 9, 2014 and March 15, 2013.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration for 2013 and 2012 by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(b)Details of 2014 earnings appropriation proposed by the Board of Directors on February 24, 2015 are as follows:

	2014	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 38,454	$ -
Cash dividends	330,140	2.0
Total	$ 368,594	

Note:The employees' bonus of $34,715 and directors' and supervisors' remuneration of $3,461 of 2014 was proposed by the Board of Directors on February 24, 2015.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

The earnings distribution of 2014 have not been resolved by the stockholders, thus, no dividend was accrued in these separate financial statements.

Operating revenue

	Years ended December 31,	
	2014	2013
Construction revenue	$ 6,086,736	$ 5,554,978
Sales revenue	3,509,061	3,153,474
Other operating revenue	837,166	810,506
Total	$ 10,432,963	$ 9,518,958

Other gains and losses

	Years ended December 31,	
	2014	2013
Net gains on financial assets at fair value through profit or loss	$ 3,822	$ 821
Gain (loss) on disposal of investments	(4,012)	5,047
Impairment loss on financial assets	(23,234)	(12,995)
Exchange gain	37,760	34,663
Other gain	426	194
Total	$ 14,762	$ 27,730

Employee benefit expense, depreciation and amortisation

	Year ended December 31, 2014		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 242,409	$ 462,725	$ 705,134
Labour and health insurance fees	22,955	32,321	55,276
Pension costs	13,948	22,108	36,056
Other employee benefit expense	8,327	9,581	17,908
Depreciation	51,356	25,955	77,311
Amortisation	4,258	7,573	11,831

	Year ended December 31, 2013		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 255,266	$ 469,937	$ 725,203
Labour and health insurance fees	21,918	32,440	54,358
Pension costs	14,604	23,303	37,907
Other employee benefit expense	7,844	10,350	18,194
Depreciation	49,403	28,548	77,951
Amortisation	2,495	7,061	9,556

Note:As of December 31, 2014 and 2013, the Company had 692 and 714 employees, respectively.

Income tax

A.Income tax expense

(a)Components of income tax expense:

	Years ended December 31,	
	2014	2013
Current tax		
Current tax on profits for the period	$ 97,459	$ 56,424
Tax on undistributed earnings	3,999	6,889
Adjustments in respect of prior years	(2,031)	1,512
Total current tax	99,427	64,825
Deferred tax:		
Origination and reversal of temporary differences	(19,134)	(6,648)
Income tax expense	$ 80,293	$ 58,177

(b)Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2014	2013
Tax calculated based on profit before tax and statutory tax rate	$ 79,532	$ 47,735
Effects from items disallowed by tax regulation	(1,207)	2,041
Additional 10% tax on undistributed earnings	3,999	6,889
Prior year income tax underestimation	(2,031)	1,512
Income tax expense	$ 80,293	$ 58,177

(c)The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2014	2013
Currency translation differences	($ 9,686)	($ 10,549)
Actuarial gains/losses on defined benefit obligations	(1,576)	(4,392)
Total	($ 11,262)	($ 14,941)

B.Amounts of deferred tax assets or liabilities as a result of temporary difference and investment tax credit are as follows:

	Year ended December 31, 2014			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Losses on bad debt expense	$ 26,152	$ -	$ -	$ 26,152
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	12,750	(1,530)	-	11,220
Defined benefit obligation	21,405	(259)	(1,576)	19,570
Impairment loss on financial assets	4,420	3,400	-	7,820
Unused compensated absences payable	9,204	(1,426)	-	7,778
Unrealised loss on investments	10,130	18,439	-	28,569
Subtotal	84,061	18,624	(1,576)	101,109
－Deferred tax liabilities:				
Unrealised exchange gain	(42)	(2,895)	-	(2,937)
Unrealised construction gain	(16,401)	3,405	-	(12,996)
Exchange differences on translation	(21,084)	-	(9,686)	(30,770)
Subtotal	(37,527)	510	(9,686)	(46,703)
Total	$ 46,534	$ 19,134	($ 11,262)	$ 54,406

	Year ended December 31, 2013			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Unrealised exchange loss	$ 1,997	($ 1,997)	$ -	$ -
Losses on bad debt expense	26,073	79	-	26,152
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	10,370	2,380	-	2,750
Unrealised construction loss	441	(441)	-	-
Defined benefit obligation	25,976	(179)	(4,392)	21,405
Impairment loss on financial assets	2,295	2,125	-	4,420
Unused compensated absences payable	7,201	2,003	-	9,204
Unrealised loss on investments	-	10,130	-	10,130
Subtotal	74,353	14,100	(4,392)	84,061
－Deferred tax liabilities:				
Unrealised exchange gain	-	(42)	-	(42)
Unrealised gain on investments	(8,991)	8,991	-	-
Unrealised construction gain	-	(16,401)	-	(16,401)
Exchange differences on translation	(10,535)	-	(10,549)	(21,084)
Subtotal	(19,526)	(7,452)	(10,549)	(37,527)
Total	$ 54,827	$ 6,648	($ 14,941)	$ 46,534

C.The Company’s income tax returns through 2012 have been assessed and approved by the Tax Authority.

D.Unappropriated retained earnings:

	December 31,	
	2014	2013
Earnings generated in and before 1997	$ -	$ -
Earnings generated in and after 1998	1,467,273	1,279,330
	$ 1,467,273	$ 1,279,330

E.As of December 31, 2014 and 2013, the balance of the imputation tax credit account was $322,956 and $301,905, respectively. The creditable tax rate was 27.03% for 2013 and is estimated to be 27.07% for 2014.

Earnings per share

	Year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 384,545	165,066	$ 2.33
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus		1,928	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 384,545	166,994	$ 2.30

	Year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 222,615	164,629	$ 1.35
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options		13	
Employees' bonus		1,849	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 222,615	166,491	$ 1.34

Operating leases

Details are provided in Note 9(1).

RELATED PARTY TRANSACTIONS

(7) Significant related party transactions and balances

A. Sales of goods and services

	Years ended December 31,	
	2014	2013
Construction revenue		
Subsidiaries	$ 5,433	$ 14,306
Entities controlled by key management or entities with significant influence	1,259	31,996
Associates	886	5,885
Total	$ 7,578	$ 52,187

The price of construction charges to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of constructions depending on the construction contracts or individual agreements.

	Years ended December 31, 2014	2013
Sales of goods		
Subsidiaries	$ 41,878	$ 27,946
Entities controlled by key management or entities with significant influence	41,882	8
Associates	-	4,911
Total	$ 83,760	$ 32,865

Prices to related parties and third parties are based on normal sales transactions and sales are collected 2 to 3 months after the completion of transactions.

B.Acquisition of goods and services

	Years ended December 31, 2014	2013
Outsourcing construction costs		
Entities controlled by key management or entities with significant influence	$ 60,102	$ 68,949
Subsidiaries	1,054	1,130
Other related parties	-	137
Total	$ 61,156	$ 70,216

The outsourcing construction costs paid to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the payment terms to related parties are approximately the same to third parties, which is about 2 months after inspection of constructions depending on the construction contracts or individual agreements.

C.Receivables from related parties

	Years ended December 31, 2014	2013
Accounts receivable		
Subsidiaries	$ 33,232	$ 18,854
Entities controlled by key management or entities with significant influence	3,457	177
Subtotal	36,689	19,031
Less: allowance for bad debts	(68)	(3)
Total	$ 36,621	$ 19,028

The collection terms to related parties and third parties are about 2 to 3 months after the sales while terms for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.

D. Payables to related parties

Accounts payable

	Years ended December 31,	
	2014	2013
Entities controlled by key management or entities with significant influence	$ 19,169	$ 7,479
Subsidiaries	1,944	8,706
Total	$ 21,113	$ 16,185

The outsourcing cost for construction charges to related parties and third parties is based on regular construction contract and agreed upon terms. The collection terms to related parties are the same as to third parties and terms are approximately 2 months after inspection of construction depending on the construction contracts or individual agreements.

E. Construction contracts receivable

(a)Contract prices of contracted but yet to be completed construction

	December 31,	
	2014	2013
Associates	$ 22,516	$ 26,926
Entities controlled by key management or entities with significant influence	7,600	7,701
Subsidiaries	-	5,261
	$ 30,116	$ 39,888

(b)Construction contracts receivable

	December 31,	
	2014	2013
Associates	$ 16,267	$ 16,371
Entities controlled by key management or entities with significant influence	6,456	5,312
Subsidiaries	-	3,797
	$ 22,723	$ 25,480

F. Property transactions

On December 31, 2014 and 2013, the Company has acquired computer software and related software from entities controlled by key management and the acquisition price was $13,643 and $14,879 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

G. Operating expense

The fee of information maintenance service in 2014 and 2013 allocated to subsidiaries by the Company amounted to $28,966 and $22,968, respectively.

H. Financing

Financing to related parties in 2014 is as follows:

	Year ended December 31, 2014			
	Maximum balance	Ending balance	Interest rate	Interest revenue
Subsidiaries	$ 30,420	$ 6,330	4.896%	$ 394
Entities controlled by key management or entities with significant influence	$ 19,600	$ -	4.896%	$ 108

The Company's financing to entities controlled by key management or entities with significant influence mainly refer to financing to SOPOWER Technology Corp. This financing represents accounts receivable arising from sales of goods. The amount exceeding normal credit limit to third parties was transferred to other receivables and treated as loans to others. As of December 31, 2014, the receivables were fully collected.

No such event in 2013.

I. Endorsements and guarantees

(a) As of December 31, 2014 and 2013, the balances of endorsements and guarantees provided to subsidiaries by the Company are as follows:

	December 31,	
	2014	2013
Subsidiaries	$ 1,687,599	$ 1,079,274

(b) The revenue of service expense (recorded as 'other receivables' and 'other income') recognised for the abovementioned endorsements and guarantees is as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
	Other receivables	Other income	Other receivables	Other income
Subsidiaries	$ 5,083	$ 14,553	$ 11,676	$ 11,676

(8) Key management compensation

	Years ended December 31,	
	2014	2013
Salaries and other short-term employee benefits	$ 47,325	$ 44,836

PLEDGED ASSETS

Details of the book value of the Company's assets pledged as collaterals are as follows:

	Book value		
Pledged asset	December 31, 2014	December 31, 2013	Purpose
Refundable deposits (recorded as 'other current assets')	$ 25,407	$ 500	Bid bond and performance guarantee

SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Commitments

(1)Operating lease agreements

The Company leases in buildings under non-cancellable operating lease agreements. The lease terms are under 10 years, and all these lease agreements are renewable at the end of the lease period. Rental is increased periodically to reflect market rental rates. The Company recognised rental costs and expenses of $58,440 and $62,956 for these leases in profit or loss for the years ended December 31, 2014 and 2013, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31,	
	2014	2013
Not later than one year	$ 25,985	$ 27,300
Later than one year but not later than five years	34,730	36,343
Later than five years	36,413	39,183
Total	$ 97,128	$ 102,826

(2)As of December 31, 2014, the notes and letters of guarantees used for construction performance and custom security amounted to $829,303.

SIGNIFICANT DISASTER LOSS

None.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details are provided in Note 6(15)F(b).

OTHERS

(1)Capital risk management

The Company's main objective when managing capital is to maintain an optimal credit ranking and capital ratio to support the operation and to maximize stockholders' equity.

(2)Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Company's financial instruments not measured at fair value are including cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), construction contracts receivable (including related parties), other receivables (including related parties), other financial assets (recorded as 'other current assets'), refundable deposits (recorded as 'other non-current assets'), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), construction contracts payable (including related parties), other payables and guarantee deposits received (recorded as 'other non-current liabilities')) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

The Company's financial risk mainly arises from risks along with investments in financial instruments and foreign exchange risk of foreign currency transactions. The Company always adopt the restricted control standard for financial risk of all investments in financial instruments that market risk, credit risk, liquidity risk and cash flow risk of any financial investment and implementation has to be assessed and the ones with the least risks are chosen. For foreign exchange risk of foreign currency transactions based on strategic risk management objectives, the Company seeks the most optimised risk position and maintain appropriate liquidity position to reach the best hedging strategy.

C. Significant financial risks and degrees of financial risks

(a)Market risk

Foreign exchange risk

(1)The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, JPY and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

(2)The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2014					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 22,813	31.65	$ 722,029	1%	$ 7,220	$ -
EUR:NTD	3,242	38.47	124,710	1%	1,247	-
JPY:NTD	291,488	0.2646	77,128	1%	771	-
Investments accounted for using equity method						
USD:NTD	43,961	31.65	1,391,381	1%	13,914	-
VND:NTD	42,394,619	0.0014	60,624	1%	606	-
SGD:NTD	1,794	23.94	42,955	1%	430	-
Financial liabilities						
Monetary items						
USD:NTD	$ 5,213	31.650	$ 164,981	1%	$ 1,650	$ -
JPY:NTD	173,768	0.2646	45,979	1%	460	-

	December 31, 2013					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 23,136	29.805	$ 689,572	1%	$ 6,896	$ -
EUR:NTD	448	41.09	18,394	1%	184	-
JPY:NTD	274,876	0.2839	78,037	1%	780	-
Investments accounted for using equity method						
USD:NTD	43,657	29.805	1,301,189	1%	13,012	-
VND:NTD	23,046,123	0.0014	31,573	1%	316	-
Financial liabilities						
Monetary items						
USD:NTD	$ 6,057	29.805	$ 180,521	1%	$ 1,805	$ -
JPY:NTD	70,954	0.2839	20,144	1%	201	-

Price risk

(1) The Company is exposed to equity securities price risk because of investments held by the Company and classified on the separate balance sheet either as available-for-sale or at fair value through profit or loss.

(2) The Company's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, profit for the years ended December 31, 2014 and 2013 would have increased/decreased by $142 and $172, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $0 and $38, respectively, as a result of gains/losses on equity securities classified as available-for-sale. For the years ended December 31, 2014 and 2013, the amount recognised from available-for-sale financial assets to adjustments in equity was $0 and ($197) and the amount reduced from adjustments in equity and included in profit or loss was $1,512 and $3,299, respectively.

Interest rate risk

- The Company's interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Changes in market interest rate will change effective interest rates of bank borrowings and thus fluctuate future cash flow. As the Company's operating capital is sufficient and risk is mostly offset by cash and cash equivalents held at variable rates, the Company has assessed there is no significant interest rate shift in cash flow risk.

- The Company analyses its interest rate exposure. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

(b)Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. Details are as follows:

- The Company has assessed credit quality of counterparties when selling products or services. The Company does not expect counterparty default, thus, the probability of credit risk is remote. The maximum exposure to credit risk is the carrying amount.
- Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored.
- Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.
- For banks and financial institutions, only parties with a minimum rating of 'A' are accepted.
- The endorsements and guarantees provided by the Company are all in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies”. The Company knows the credit status of endorsees well and does not require any security. If there is any non-performance, the performance amount is the possible credit risk.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is calculated from the invoice date as follows:

	December 31,	
	2014	2013
Up to 90 days	$ 1,013,118	$ 779,290

iv. Movement analysis of accounts receivable (including related parties) that were impaired is as follows:

a. As of December 31, 2014 and 2013, the Company’s accounts receivable that were impaired amounted to $1,257,519 and $909,354, and allowance for bad debt was accrued as $171,803 and $171,933, respectively.

b. Movements on the Company's provision for impairment of accounts receivable are as follows:

	Year ended December 31, 2014		
	Individual provision	Group provision	Total
At January 1	$ 108,240	$ 63,693	$ 171,933
Write-offs during the period	(130)	-	(130)
Transfer during the period	(7,563)	7,563	-
At December 31	$ 100,547	$ 71,256	$ 171,803

	Year ended December 31, Year of 2013		
	Individual provision	Group provision	Total
At January 1	$ 92,303	$ 82,013	$ 174,316
Write-offs during the period	(2,383)	-	(2,383)
Transfer during the period	18,320	(18,320)	-
At December 31	$ 108,240	$ 63,693	$ 171,933

v. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Company's Credit Quality Control Policy:

	December 31,	
	2014	2013
Type A	$ -	$ -
Type B	604	10,300
Type C	9,450	2,573
	$ 10,054	$ 12,873

Type A: No credit limit. Clients include government institutions and government-owned corporations.

Type B: Credit limit is 130% of the average of transactions in the past year. Clients are counterparties whose average annual transactions reaching NT$30,000 for the most recent 3 years and who has stable sales and optimal financials.

Type C: Credit limit is gained through assessment based on 'Client Credit Ranking Sheet'.

(c)Liquidity risk

i. The Company invests in financial assets measured at fair through profit or loss and available-for-sale financial assets traded in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Company's operating capital is sufficient to fulfill the Company's capital needs and it does not expect significant liquidity risk.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities December 31, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Notes payable (including related parties)	$ 807,648	$ -	$ -	$ -
Accounts payable (including related parties)	2,392,396	-	-	-
Other payables	297,041	-	-	-
Financial guarantee contracts	1,031,854	-	-	-

Non-derivative financial liabilities December 31, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Notes payable (including related parties)	$ 580,804	$ -	$ -	$ -
Accounts payable (including related parties)	1,547,536	-	-	-
Other payables	292,620	-	-	-
Financial guarantee contracts	931,263	-	-	-

iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3)Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

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

Level 2:Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3:Inputs for the asset or liability that are not based on observable market data.

The following table presents the Company's financial assets and liabilities that are measured at fair value at December 31, 2014 and 2013:

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 11,696	$ -	$ -	$ 11,696

December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 12,601	$ -	$ -	$ 12,601
Available-for-sale financial assets				
Equity securities	5,273	-	-	5,273
Total	$ 17,874	$ -	$ -	$ 17,874

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1.

SUPPLEMENTARY DISCLOSURES

Significant transactions information

Significant transactions information in 2014 in accordance with "Rules Governing the Preparation of Financial Statements by Securities Issuers" is as follows:

A.Loans to others:

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014 (Note 2)	Balance at December 31, 2014 (Note 6)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Other receivables	Y	$ 30,420	$ 6,330	$ 6,330	4.896	2	$ -	Operations	$ -	None	-	$ 1,750,183	$ 1,750,183	Note 4
0	Marketech International Corp.	SOPOWER Technology Corp.	Other receivables	Y	19,600	-	-	-	1	-	Not applicable	-	None	-	-	1,750,183	Note 4, Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Puritic Co., Ltd.	Other receivables	Y	17,835	7,893	7,893	7.28	2	-	Operations	-	None	-	175,031	175,031	Note 5
1	MIC-Tech Electronics Engineering Corp.	ChenGao M&E Engineering (Shanghai) Co., Ltd.	Other receivables	Y	1,273	1,273	1,273	6.16	2	-	Operations	-	None	-	175,031	262,547	Note 4, Note 5
1	MIC-Tech Electronics Engineering Corp.	Fuzhou Jiwei System Integrated Co., Ltd.	Other receivables	Y	1,372	-	-	-	2	-	Operations	-	None	-	175,031	262,547	Note 4, Note 5
2	MIC-Tech (WuXi) Co., Ltd.	Shanghai Puritic Co., Ltd.	Other receivables	Y	22,914	22,914	12,730	7.2	2	-	Operations	-	None	-	107,410	107,410	Note 5
2	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	69,467	40,736	40,736	6.9	2	-	Operations	-	None	-	107,410	161,116	Note 4, Note 5
2	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech (Shanghai) Corp. Ltd.	Other receivables	Y	45,828	45,828	45,828	7.2	2	-	Operations	-	None	-	107,410	161,116	Note 4, Note 5
3	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	49,619	-	-	-	2	-	Operations	-	None	-	128,214	192,321	Note 4, Note 5
3	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech China Trading (Shanghai) Co. Ltd.	Other receivables	Y	14,424	-	-	-	2	-	Operations	-	None	-	128,214	192,321	Note 4, Note 5
4	MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	31,650	31,650	31,650	4.896	2	-	Operations	-	None	-	508,260	762,390	Note 4

Note 1:The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

(2)The subsidiaries are numbered in order starting from '1'.

Note 2:Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2014.

Note 3:Fill in the nature of the loan as follows:

(1)Fill in 1 for business transactions and the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

(2)Fill in 2 for short-term financing and the purpose of loan, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 4:Limit on the loans from the Company and MIC-Tech Ventures Asia Pacific Inc.:

(1)Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company is 60% of the net assets based on the latest financial statements of subsidiaries who receive the loans. The following (2) and (3) do not apply to the limit.

(2)For business transactions, limit on loans granted for a single party is the amount of the transactions. The amount of business transactions refers to the higher of purchasing and selling during current year on the year of financing.

(3)For short-term borrowings, limit on loans granted for a single party is 40% of the Company's net assets. The amount of short-term borrowings refers to the accumulated balance of the Company's short-term borrowings.

(4)Limit of the accumulated balance of loans from (2) and (3) is 40% of the net assets based on the latest financial statements of the Company.

Note 5:Limit on the loans provided by the Company's mainland subsidiaries:

(1)Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company's mainland subsidiaries is 60% of the net assets based on the latest financial statements of the lending companies. The following (2) and (3) do not apply to the limit.

(2)For business transactions, limit on loans granted for a single party is the amount of the transactions.

(3)For short-term borrowings, limit on loans granted for a single party is 40% of the lending company's net assets.

(4)Limit of the accumulated balance of loans from (2) and (3) is 40% of the net assets based on the latest financial statements of the lending company.

Note 6:The ending balance is the amount resolved by the Board of Directors.

Note 7:The Company's loans to SOPOWER Technology Corp. are accounts receivable arising from sales of goods. The amount exceeding normal credit limit to third parties was transferred to other receivables and proceeded as loans to others. As of December 31, 2014, the receivables were fully collected.

B.Provision of endorsements and guarantees to others:

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2014 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2014 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	2	$ 2,187,729	$ 20,044	$ 20,044	$ 20,044	-	0.46	$ 4,375,458	Y	N	N	Note 3
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	2	2,187,729	110,775	110,775	62,603	-	2.53	4,375,458	Y	N	N	Note 3
0	Marketech International Corp.	Marketech International Sdn. Bhd.	3	2,187,729	19,250	-	-	-	-	4,375,458	Y	N	N	Note 3
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	2,187,729	406,787	406,787	251,969	-	9.30	4,375,458	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	3	2,187,729	438,339	438,339	327,564	-	10.02	4,375,458	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	3	2,187,729	711,654	711,654	369,674	-	16.26	4,375,458	Y	N	Y	Note 3
1	Hoa Phong Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	3	2,187,729	84,281	84,281	84,281	-	1.93	4,375,458	N	N	N	Note 4
2	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	2,187,729	67,188	67,188	67,188	-	1.54	4,375,458	N	N	Y	Note 4

Note 1:The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2:Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(5)Mutual guarantee of the trade as required by the construction contract.

(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3:Limit on endorsements and guarantees stated in 'Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies':

(1)In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.

(2)Except for guarantees for contracting constructions, limit on the Company's accumulated endorsement/guarantee is the Company's net assets; limit on endorsement/guarantee to a single party is 50% of the Company's net assets. Limit on the total endorsement/guarantee of the Company and its subsidiaries as a whole is 1.5 times of the Company's net assets; limit on endorsement/guarantee to a single party is 75% of the Company's net assets.

Note 4:Limit on endorsements and guarantees of the Company's subsidiary - Hoa Phong Marketech Co., Ltd. and MIC-Tech Electronics Engineering Corp.:

(1)In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.

(2)Except for guarantees for contracting constructions, limit on the accumulated endorsements and guarantees is the endorser company's net assets; limit on endorsement/guarantee to a single party is 50% of the endorser company's net assets. Limit on the total endorsement/guarantee of the endorser company and its subsidiaries as a whole is 1.5 times of the endorser company's net assets; limit on endorsement/guarantee to a single party is 75% of the endorser company's net assets.

(3)Limit on endorsements and guarantees to a company of which the endorser company and the ultimate parent company directly or indirectly holds 90% or above of its share capital is 10 times of the endorser company's net assets and may not exceed 10% of the ultimate parent's net assets. However, the endorsements and guarantees of the ultimate parent to companies which it holds 100% of voting shares are not subject to the preceding and Note 4(2) limits. Nonetheless, limit is subject to paragraph 4.2 of 'Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies' (see above Note 3(2) details of the Company's endorsement/guarantee).

Note 5:Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6:As of the balance sheet date, companies which provide contracts or notes for endorsements/guarantees to banks bear the responsibility of endorsements/guarantees as credit limit of the contracts or notes are approved. Other related endorsements/guarantees should be included in the outstanding balance of endorsements/guarantees. The outstanding balance is the amount resolved by the Company's Board of Directors.

Note 7:Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

C.Holding of marketable securities at the end of the period (not including subsidiaries and associates):

Securities held by	Type of marketable securities	Name of marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of December 31, 2014 Number of shares	Book value (Note 2)	Ownership (%)	Fair value	Collateral	Footnote
Marketech International Corp.	Ordinary shares	Lasertec Corporation	None	Financial assets measured at fair value through profit or loss - current	20,000	$ 7,277	-	$ 7,277	None	
〃	〃	Solar Applied Materials Technology Corp.	〃	〃	30,000	754	-	754	〃	
	〃	Aerospace Industrial Development Corp.	〃	〃	100,000	3,665	-	3,665	〃	
						$ 11,696		$ 11,696		
〃	Ordinary shares	Ares Green Technology Corp.	None	Financial assets measured at cost - non-current	2,632,293	$ 43,481	7.96%	$ -	None	
〃	〃	Taiwan Puritic Corp.	〃	〃	5,207,049	39,287	13.58%	-	〃	
〃	〃	Calitech Co., Ltd.	〃	〃	3,117,199	38,675	10.85%	-	〃	
〃	〃	SOPOWER Technology Corp.	Entities controlled by key management or entities with significant influence	〃	3,000,000	4,500	12.61%	-	〃	
〃	〃	VEEV Interactive Pte. Ltd.	None	〃	840,000	25,243	6.45%	-	〃	
〃	〃	Taiwan Intelligent Fiber Optic Network Co.,Ltd.	〃	〃	3,868,261	44,024	2.03%	-	〃	
〃	〃	H&D Venture Capital Investment Corp.	Entities controlled by key management or entities with significant influence	〃	2,000,000	20,000	6.67%	-	〃	
〃	〃	Civil Tech Pte. Ltd.	None	〃	450,000	19,500	0.90%	-	〃	
〃	〃	ProbeLeader Co., Ltd	Entities controlled by key management or entities with significant influence	〃	966,000	14,490	3.46%	-	〃	
〃	〃	H&H Venture Capital Investment Corp.	〃	〃	1,200,000	12,000	4.17%	-	〃	

(Continued)

Securities held by	Type of	Name of marketable	Relationship with the	General ledger account	As of December 31, 2014	Collateral	Footnote

	marketable securities	securities (Note 1)	securities issuer		Number of shares	Book value (Note 2)	Ownership (%)	Fair value		
Marketech International Corp.	Ordinary shares	Top Green Energy Technologies, Inc.	None	Financial assets measured at cost - non-current	2,000,000	$ 3,000	0.89%	$ -	None	
″	″	IP Fund Six Co., Ltd.	″	″	1,000,000	10,000	1.79%	-	″	
″	″	Long Time Technology Corp.	″	″	360,000	6,780	1.03%	-	″	
″	″	Paradigm Venture Capital Corp.	″	″	219,375	2,194	3.50%	-	″	
″	″	Taiwan Special Chemicals Corp.	″	″	901,333	9,013	0.82%	-	″	
″	″	Saga Polaris Venture Capital Corp.	″	″	84,000	840	1.14%	-	″	Note 3
″	″	BMR Technology Corp.	″	″	2,449,717	-	18.47%	-	″	
″	″	Atech Totalsolution Co., Ltd.	″	″	128,000	-	0.23%	-	″	
″	″	East Wind Life Science Systems	″	″	124,457	-	12.87%	-	″	
″	Preferred stock	Engenuity System, Inc.	″	″	833,334	-	Note 4	-	″	
″	″	ACM Research Inc.	″	″	266,667	-	″	-	″	
″	″	Applied Harmonics Corp	″	″	237,179	-	″	-	″	
		Total				$ 293,027				

Note 1:Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2:Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3:Dissolution of Saga Polaris Venture Capital Corp. was registered on August 13, 2013 and it is under liquidation process.

Note 4:Holding preferred stock.

D.Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E.Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F.Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G.Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H.Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I.Derivative financial instruments undertaken during the year ended December 31, 2014: None.

J.Significant inter-company transactions: individual amount less than $5,000 is not disclosed.

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Marketech International Corp.	Marketech Intergrated Pte. Ltd.	1	Accounts receivable	$ 20,392	Sales revenue: Prices and terms of sales of goods to related parties are approximately the same to third parties. A certain percentage of profit is negotiated for sale of services with related parties. Construction revenue: The price of construction charges to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of constructions depending on the construction contracts or individual agreements.	0.17%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	1	Accounts receivable	12,740		0.11%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	1	Sales revenue	39,324		0.26%
0	Marketech International Corp.	eZoom Information, Inc.	1	Construction cost and operating expense	28,966		0.19%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	6,331		0.05%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other revenue	6,317		0.04%
1	Mic-Tech Ventures Asia Pacific Inc.	MIC-Tech (WuXi) Co., Ltd.	3	Sales revenue	8,492		0.06%
2	MIC-Tech Global Corp.	Marketech Intergrated Pte. Ltd.	3	Accounts receivable	5,193		0.04%
2	MIC-Tech Global Corp.	Marketech Intergrated Pte. Ltd.	3	Sales revenue	12,373		0.08%
3	MIC-Tech Electronics Engineering Corp.	Shanghai Puritic Co., Ltd.	3	Other receivables	7,893		0.07%
0	Marketech International Corp.	MIC-Tech Viet Nam Co.,Ltd.	1	Other receivables	6,330		0.05%
1	Mic-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	3	Other receivables	31,650		0.27%
4	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Other receivables	40,736		0.35%
4	MIC-Tech (WuXi) Co., Ltd.	Shanghai Puritic Co., Ltd.	3	Other receivables	12,730		0.11%
4	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech (Shanghai) Corp. Ltd.	3	Other receivables	45,828		0.39%

Note 1:The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2:Relationship between transaction company and counterparty is classified into the following three categories

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3:Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Information on investees(not including investees in Mainland China)

A.Investee name, location and other information (not including investees in Mainland China):

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 1)	Footnote
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	$ 136,757	$ 88,930	5,725,040	100	$ 42,955	($ 51,646)	($ 51,646)	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,108,679	985,859	34,069,104	100	1,301,288	(47,916)	(46,384)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	13,327	11,215	91,500	100	7,102	(7,190)	(7,190)	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	41,483	133	133	The Company's subsidiary
Marketech International Corp.	Tiger United Finance Ltd.	Virgin Islands	Investment holding and reinvestment	46,475	46,475	1,410,367	100	40,578	(268)	(268)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	9,139	-	379,597	100	7,717	(1,424)	(1,424)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Vietnam	Trading, installation and repair of various machinery equipment and its peripherals	39,345	30,292	-	100	41,354	7,802	7,802	The Company's subsidiary
Marketech International Corp.	Hoa Phong Marketech Co., Ltd.	Vietnam	Specialized contracting and related repair services	29,922	11,553	-	100	19,241	(2,584)	(1,686)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2) Balance as at December 31, 2014	Balance as at December 31, 2013	Shares held as at December 31, 2014 Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 1)	Footnote
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	$ 29,737	$ 29,737	3,400,000	100	$ 8,880	($ 10,100)	($ 10,100)	The Company's subsidiary
Marketech International Corp.	Glory Technology Service Inc.	Taiwan	Sale and installation of information and communication equipment	20,000	20,000	2,000,000	40	29,082	7,912	3,164	The Company's investee accounted for using equity method
Marketech International Corp.	MIC Techno Co., Ltd.	Taiwan	Investment holding and reinvestment	2,000	2,000	200,000	20	2,069	(1,281)	(256)	The Company's investee accounted for using equity method
Marketech International Corp.	True Victor International Limited	Virgin Islands	Investment holding and reinvestment	800	800	19,286	38.57	315	(1,339)	(517)	The Company's investee accounted for using equity method
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,074,008	951,698	33,066,604	100	1,270,650	(47,821)	-	The investor's subsidiary
Marketech Integrated Pte Ltd.	Marketech International Sdn. Bhd.	Malaysia	Contracting for Semiconductor automatic supply system	6,437	4,409	750,000	100	4,945	(2,775)	-	The investor's subsidiary
Marketech Engineering Pte Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Specialized contracting for electrical installing construction	8,569	-	28,500	95	7,496	(1,120)	-	The investor's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2) Balance as at December 31, 2014	Balance as at December 31, 2013	Shares held as at December 31, 2014 Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 1)	Footnote
MIC-Tech Ventures Asia Pacific Inc.	Russky H.K. Limited	Hong Kong	Investment holding and reinvestment	$ 28,521	$ 28,521	633,000	100	($ 9,823)	($ 105)	$ -	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	28,464	23,549	935,104	40	4,565	(24,434)	-	The investor's investee accounted for using equity method
MIC-Tech Ventures Asia Pacific Inc.	TPP-MIC Co., Limited	Hong Kong	Investment holding and reinvestment	6,025	6,025	180,000	60	163	72	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Hong Kong	Investment holding and reinvestment	46,434	46,434	1,500,000	50	12,632	(11,714)	-	The investor's investee accounted for using equity method
MIC-Tech Ventures Asia Pacific Inc.	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment holding and reinvestment	8,990	8,990	303,000	31.43	7,546	(2,999)	-	The investor's investee accounted for using equity method

Note 1:The amount of $0 means that the Company does not directly recognise gain or loss on investments.

Note 2:Except for subsidiaries in Malaysia are translated at the current rate as of December 31, 2014, the initial investment amounts of other investees are translated at the current rate as of the investment date.

Note 3:The Company originally held 40% share ownership of Hoa Phong Marketech Co., Ltd. (Hoa Phong MIC). The stockholders who held the remaining 60% of share ownership did not place funds in accordance with the contract and surrendered their shares in August 2014 and registered the change in October 2014. As the Company holds all voting rights in Hoa Phong MIC, it is included in the consolidated entities.

Information on investments in Mainland China

A.Basic information:

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 3)	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech (WuXi) Co., Ltd..	Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembling of wrapping device and cooling equipment; assembling of barbecue grill; wholesale, commission agency and import and export of the aforementioned products and their components; lease of self-owned plants	$ 807,075	Note 1(2)	$ 648,825	$ -	$ -	$ 648,825	($ 59,953)	100	($ 59,384)	$ 262,285	$ -	Note 2 (2)B
MIC-Tech (Shanghai) Corp. Ltd.	Wholesale, commission agency, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area	260,828	Note 1(2)	15,825	-	-	15,825	2,446	100	2,446	320,536	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	9,495	Note 1(2)	9,495	-	-	9,495	(616)	100	(616)	49	-	Note 2 (2)B

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 3)	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech Electronics Engineering Corp.	General contracting for electrical installing construction, specialized contracting for electrical installing construction, specialized contracting for electronic engineering, specialized contracting for petroleum and chemical equipment installation, specialized contracting for channel and guarantee for post construction and consulting service for related construction technology	$ 367,741	Note 1(2)	$ 76,593	$ 94,950	$ -	$ 171,543	$ 3,703	100	$ 3,703	$ 437,578	$ -	Note 2 (2)B
Shanghai Puritic Co., Ltd.	Production of scrubber bins for semiconductor manufacturers, design, installation, debugging and technology services of tunnel system, equipment repair for semiconductor manufacturers, consulting service for electrical and medical equipment	12,660	Note 1(2)	19,085	-	-	19,085	415	80	332	(10,579)	-	Note 2 (2)B
SKMIC(WUXI) CORP.	Design and installation of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment	9,653	Note 1(2)	1,551	-	-	1,551	(161)	49	(79)	5,990	-	Note 2 (2)B
ChenGao M&E Engineering (Shanghai) Co., Ltd.	Design of microelectronic products and display devices, consulting service for related technology and management	6,330	Note 1(2)	6,330	-	-	6,330	(404)	100	(404)	(2,391)	-	Note 2 (2)B

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 3)	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Frontken-MIC (Wuxi) Co., Ltd.	Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductors	$ 73,048	Note 1(2)	$ 24,155	$ 5,064	$ -	$ 29,219	($ 24,305)	40	($ 9,722)	$ 4,482	$ -	Note 2 (2)B
TPP-MIC (WuXi) Co., Ltd.	Technology and repairmen service of semiconductor equipment, self-operation and agency of import and export of various goods and technology	9,495	Note 1(2)	5,697	-	-	5,697	72	60	43	163	-	Note 2 (2)B
Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device	94,950	Note 1(2)	47,475	-	-	47,475	(11,729)	50	(5,865)	12,632	-	Note 2 (2)B, Note 4
SCEC (Shanghai) Corp.	Construction of petroleum and chemical equipment, street pipe system and clean room	74,829	Note 1(2)	714	-	-	714	-	-	-	-	-	Note 2 (3), Note 5

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2014	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2014 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 3)	Net income of investee as of December 31, 2014	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2014 (Note 2)	Book value of investments in Mainland China as of December 31, 2014	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2014	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, and consulting service for trading	$ 47,475	Note 1(2)	$ 18,990	$ 28,485	$ -	$ 47,475	$ 1,469	100	$ 1,469	$ 47,500	$ -	Note 2 (2)B
Macrotec Technology (Shanghai) Co., Ltd.	Wholesale, commission agency, import and export and other complementary service of electrical products, food, textile, commodities, cosmetics, valve switch, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area	30,286	Note 1(2)	9,519	-	-	9,519	(2,999)	31.43	(943)	7,511	-	Note 2 (2)B

Note 1:Investment methods are classified into the following four three categories; fill in the number of category each case belongs to:

(1)Directly invest in a company in Mainland China.

(2)Through investing in Market Go Profits Ltd., which then invested in the investee in Mainland China.

(3)Others.

Note 2:In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2014' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.

C.Others - unaudited financial statements.

(3)Investment in SCEC (Shanghai) Corp. is financial assets measured at cost, thus, the Company did not recognise gain (loss) on investments and financial statements of SCEC (Shanghai) Corp. as unaudited.

Note 3:Paid-in capital and investment amount were translated at the original currency times exchange rate at period end.

Note 4:Taicang Integrated Manufacturing and Services Co., Ltd. was renamed as Integrated Manufacturing & Services Co., Ltd. on December 24, 2014.

Note 5:The Company has disposed all its investments in SCEC (Shanghai) Corp.as of December 2014.

B.Limit on investees in Mainland China:

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 (Note 1)(Note 2)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
$ 1,018,648	$ 1,621,437	$ 2,625,275

Note 1:The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2014 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was USD$186 thousand.

C.Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: Note 13(1) J.

SEGMENT INFORMATION

Not applicable.