(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

Acter Co., Ltd. and Its Subsidiaries
Consolidated Financial Statements

December 31, 2016 and 2015
(With Independent Auditor's Report Thereon)

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

Representation Letter

The entities that are required to be included in the combined financial statements of Acter Co., Ltd. as of and for the year ended December 31, 2016, under the Criteria Governing the Presentation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 by the Financial Supervisory Commissions, “ Consolidated and Spearate Financial Statements.” . In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Acter Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Acter Co., Ltd.

MR. Liang, Chairman

February 23, 2017

Independent Auditors' Report

To the Board of Directors of Acter Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Acter Co., Ltd. and its subsidiaries ("the Group") , which comprise the consolidated balance sheet as of December 31, 2016 and 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2016 and 2015, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Refer to Note 4(16) "Revenue", Note 5(1) "Major source of accounting assumptions, judgments, and estimation uncertainty: Revenue recognition" and Note 6(4) "Construction contracts" to the consolidated financial statements.

The Group assesses construction revenue by measuring the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs; the estimated total cost involves judgment and estimation uncertainty of the Group’s management. Consequently, revenue recognition is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing the Group’s internal control of sales and receipt cycle to assess whether there is any defects and irregularities of internal control systems; reviewing major contracts to understand the specific terms and risks of contracts; comparing actual construction costs incurred with estimated construction costs to evaluate rationality of the estimation method; assessing whether the Group’s accounting policy of revenue recognition is in accordance with related accounting standards.

2. Assessed of impairment of receivables

Refer to Note 4(7) “Financial instruments”, Note 5(2) “Major source of accounting assumptions, judgments, and estimation uncertainty: Impairment of trade receivables” and Note 6(3) “The net of notes and accounts receivables” to the consolidated financial statements.

Description of key audit matter

The recoverable of the Group’s receivables is closely related with business cycle and customers’ operating situation. The Group’s management estimate impairment for receivables by assessing each customers' financial status and historical payment record. Impairment of receivables involves judgment and estimation uncertainty of the Group’ s management. Consequently, impairment of receivables is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: testing related internal control of account receivable; reviewing collection of notes and accounts receivable during the subsequent period; evaluating the Group’s assumption of impairment by performing receivables aged analysis, considering economic status and customers’ credit risk; assessing whether the impairment is fairly presented.

3. Provisions

Refer to Note 4(15) “Provisions”, Note 5(3) “Major source of accounting assumptions, judgments, and estimation uncertainty: Recognition and measurement of provisions” and Note 6(11) “Provisions” to the consolidated financial statements.

Description of key audit matter

The Group estimates the future probability of warranty occurrence based on historical experience, and recognize provisions. Provisions of warranty involves judgment and estimation uncertainty of the Group’s management. Consequently, Provisions of warranty is one of the key matters for our audit.

How the matter was addressed in our audit

Our principal audit procedures included: comparing actual warranty expenses and provisions of warranty to assess accuracy of estimation; considering the management’s methods and data sources of estimating provisions and evaluating the possibility to change accounting estimates; assessing whether the provision is fairly presented and in accordance with related accounting standards.

Other Matter

Acter Co., Ltd. Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2016 and 2015, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management sdetermines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tzu-Hsin Chang and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)

February 23, 2017

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

Acter Co., Ltd. and Its Subsidiaries

Consolidated Balance Sheets

December 31, 2016, and 2015

(expressed in thousands of New Taiwan Dollars)

		December 31,2016		December 31,2015	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current Assets:				
1100	Cash and cash equivalents (Note 6 (1) and (21))	$ 2,553,478	29	1,495,223	19
1125	Available-for-sale financial assets－current (Note 6 (2) and (21))	202,046	2	211,765	3
1150	Notes receivable, net (Note 6 (3) and (21))	95,956	1	245,882	3
1170	Accounts receivable, net (Note 6 (3) and (21))	2,350,980	27	2,496,791	30
1190	Construction contracts receivable (Note 6 (4))	904,016	10	1,419,880	17
1200	Other receivables (Note 6 (3) and (21))	30,082	-	36,402	-
1220	Current income tax assets	5,008	-	12,096	-
1310	Inventories, net (Note 6 (5))	1,193,997	13	1,150,641	14
1476	Other financial assets－current (Note 8)	167,513	2	201,263	3
1479	Other current assets	503,803	6	242,109	3
		8,006,879	90	7,512,052	92
	Non-current assets:				
1523	Available-for-sale financial assets－noncurrent (Note 6 (2))	3,960	-	15,221	-
1550	Investment accounted for using equity method (Note 6 (6))	877	-	1,138	-
1600	Property, plant and equipment (Note 6 (9))	374,530	4	380,354	5
1760	Investment property, net (Note 6 (10))	248,228	3	30,537	-
1840	Deferred tax assets (Note 6 (19))	184,886	2	155,981	2
1985	Long-term prepaid rents	35,910	1	40,308	-
1990	Other non-current assets (Note 6 (2))	28,793	-	50,616	1
		877,184	10	674,155	8
	Total Assets	$ 8,884,063	100	8,186,207	100

		December 31,2016		December 31,2015	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:				
2100	Short-term loans (Note 6 (12) and (21))	$ 193,680	2	183,857	2
2150	Notes payable (Note 6 (21))	235,806	3	268,998	3
2170	Accounts payable (Note 6 (21))	2,084,077	23	2,346,595	29
2180	Payables to related parties (Note 6 (21) and 7 (3))	118	-	459	-
2190	Construction contracts payable (Note 6 (4))	1,028,078	12	539,968	7
2201	Accrued salaries and bonuses	213,790	2	196,919	2
2230	Current income tax liabilities	66,075	1	55,447	1
2250	Provisions－current (Note 6 (11))	235,573	3	192,982	2
2311	Advance sales receipts (Note 6 (13))	1,055,346	12	975,010	12
2399	Other current liabilities and accrued expenses (Note 9)	177,028	2	154,869	2
		5,289,571	60	4,915,104	60
	Non-current liabilities:				
2570	Deferred tax liabilities (Note 6 (19))	173,142	2	172,129	2
2640	Non-current provisions for employee benefits (Note 6 (14))	40,400	-	34,905	-
2645	Guarantee deposit received	314	-	252	-
		213,856	2	207,286	2
	Total Liabilities	5,503,427	62	5,122,390	62
	Equity Attributable to owners of parent company (Note 6 (15))				
3100	Common stock	472,369	5	466,159	6
3200	Capital surplus	1,071,656	12	978,475	12
3300	Retained earnings	1,597,951	18	1,451,733	18
3400	Other equity interest	(78,851)	(1)	23,145	-
	Total equity attributable to owners of parent company	3,063,125	34	2,919,512	36
36XX	Non-controlling interests (Note 6 (7) and (8))	317,511	4	144,305	2
	Total Equity	3,380,636	38	3,063,817	38
	Total Liabilities And Equity	$ 8,884,063	100	8,186,207	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

Acter Co., Ltd. and Its Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2016, and 2015

(expressed in thousands of New Taiwan Dollars, expect earnings per share)

		2016		2015	
		Amount	**%**	**Amount**	**%**
	Operating revenues:				
4521	Construction revenue (Note 6 (4) and 7)	$ 6,855,632	81	6,995,530	82
4529	Less: allowances	(69,092)	(1)	(21,049)	-
		6,786,540	80	6,974,481	82
4110	Sales	1,555,421	19	1,552,071	18
4800	Other operating revenue	62,460	1	32,216	-
		8,404,421	100	8,558,768	100
	Operating cost:				
5520	Construction cost (Note 6 (4) and 7)	5,928,771	71	6,162,921	72
5110	Cost of goods sold (Note 6 (5))	1,161,499	14	1,277,277	15
5800	Other operating cost	4,079	-	6,961	-
		7,094,349	85	7,447,159	87
	Gross profit	1,310,072	15	1,111,609	13
	Operating expenses:				
6100	Selling	101,949	1	113,466	1
6200	General and administrative (Note 6 (3))	530,091	6	439,303	5
6300	Research and development	76,779	1	80,566	1
		708,819	8	633,335	7
	Operating income	601,253	7	478,274	6
	Non-operating income and expenses:				
7050	Finance costs	(3,253)	-	(2,054)	-
7010	Other income (Note 6 (17))	22,559	-	20,797	-
7070	Share of loss of associates accounted for using equity method (Note 6 (6))	(234)	-	(319)	-
7020	Other gains and losses, net (Note 6 (17))	(24,671)	-	18,124	-
		(5,599)	-	36,548	-
7900	**Profit before tax**	595,654	7	514,822	6
7950	**Income tax expense** (Note 6 (19))	141,792	2	91,792	1
	Profit for the year	**453,862**	**5**	**423,030**	**5**
8300	**Other comprehensive income, net of tax:**				
8310	**Items that will not be reclassified subsequently to profit or loss** (Note 6 (14))				
8311	Remeasurements effects on defined benefit plans	(3,008)	-	(1,154)	-
8330	Share of other comprehensive income of subsidiaries and associates	(3,035)	-	(222)	-
		(6,043)	-	(1,376)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Foreign currency translation differences－ foreign operations	(118,193)	(1)	(21)	-
8362	Net change in fair value of available-for-sale financial assets	8,685	-	(11,949)	-
8399	Less: Income tax relating to components of other comprehensive income that may be reclassified subsequently to profit or loss (note 6 (19))	19,812	-	30	-
		(89,696)	(1)	(11,940)	-
8300	Other comprehensive income, net of tax	(95,739)	(1)	(13,316)	-
8500	**Total comprehensive income**	**$ 358,123**	**4**	**409,714**	**5**
	Profit attributable to:				
8610	Owners of parent	$ 436,276	5	416,345	5
8620	Non-controlling interests	17,586	-	6,685	-
		$ 453,862	**5**	**423,030**	**5**
	Comprehensive income attributable to:				
8710	Owners of parent company	$ 342,190	4	403,092	5
8720	Non-controlling interests	15,933	-	6,622	-
		$ 358,123	**4**	**409,714**	**5**
	Earnings per share (attributable to owner of parent company) (Note 6 (20))				
9750	**Basic earnings per share(In New Taiwan Dollars)**	**$ 9.45**		**9.02**	
9850	**Diluted earnings per share(In New Taiwan Dollars)**	**$ 9.24**		**8.93**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

Acter Co., Ltd. and Its Subsidiaries

Consolidated Statements of Changes in Equity

For the Years ended December 31, 2016 and 2015

(expressed in thousands of New Taiwan Dollars)

	Attributable to owners of parent											
			Retained earnings				Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation adjustments	Unrealized gains(losses) on available-for-sale financial assets	Other	Total	Non-controlling interests	Total equity
Balance, January 1, 2015	**$ 461,359**	**936,951**	**333,976**	**36,885**	**759,135**	**1,129,996**	**58,501**	**(2,634)**	**-**	**55,867**	**84,205**	**2,668,378**
Appropriation and distribution of retained earnings for the year ended 2015:												
Legal reserve	-	-	9,483	-	(9,483)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(93,232)	(93,232)	-	-	-	-	-	(93,232)
	461,359	936,951	343,459	36,885	656,420	1,036,764	58,501	(2,634)	-	55,867	84,205	2,575,146
Changes in ownership interest in subsidiaries	-	6,724	-	-	-	-	-	-	-	-	-	6,724
Issuance of restricted shares of stock to employees	4,800	34,800	-	-	-	-	-	-	(20,845)	(20,845)	-	18,755
	466,159	978,475	343,459	36,885	656,420	1,036,764	58,501	(2,634)	(20,845)	35,022	84,205	2,600,625
Comprehensive income for the year ended 2015												
Profit	-	-	-	-	416,345	416,345	-	-	-	-	6,685	423,030
Changes in comprehensive income	-	-	-	-	(1,376)	(1,376)	72	(11,949)	-	(11,877)	(63)	(13,316)
Total comprehensive income	-	-	-	-	414,969	414,969	72	(11,949)	-	(11,877)	6,622	409,714
Recognition of special reserve for first adoption of IFRSs	-	-	-	3	(3)	-	-	-	-	-	-	-
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	53,478	53,478
Balance, December 31, 2015	**$ 466,159**	**978,475**	**343,459**	**36,888**	**1,071,386**	**1,451,733**	**58,573**	**(14,583)**	**(20,845)**	**23,145**	**144,305**	**3,063,817**
Appropriation and distribution of retained earnings for the year ended 2016:												
Legal reserve	-	-	41,635	-	(41,635)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(284,015)	(284,015)	-	-	-	-	-	(284,015)
	466,159	978,475	385,094	36,888	745,736	1,167,718	58,573	(14,583)	(20,845)	23,145	144,305	2,779,802
Changes in ownership interest in subsidiaries	-	19,419	-	-	-	-	-	-	-	-	-	19,419
Capital surplus－difference between consideration and carrying amount of subsidiaries acquired or disposed	-	30,382	-	-	-	-	-	-	-	-	-	30,382
Issuance of restricted shares of stock to employees	6,210	43,380	-	-	-	-	-	-	(13,953)	(13,953)	-	35,637
	472,369	1,071,656	385,094	36,888	745,736	1,167,718	58,573	(14,583)	(34,798)	9,192	144,305	2,865,240
Comprehensive income for the year ended 2016												
Profit	-	-	-	-	436,276	436,276	-	-	-	-	17,586	453,862
Changes in comprehensive income	-	-	-	-	(6,043)	(6,043)	(96,728)	8,685	-	(88,043)	(1,653)	(95,739)
Total comprehensive income	-	-	-	-	430,233	430,233	(96,728)	8,685	-	(88,043)	15,933	358,123
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	157,273	157,273
Balance, December 31, 2016	**$ 472,369**	**1,071,656**	**385,094**	**36,888**	**1,175,969**	**1,597,951**	**(38,155)**	**(5,898)**	**(34,798)**	**(78,851)**	**317,511**	**3,380,636**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

Acter Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years ended December 31, 2016 and 2015

(expressed in thousands of New Taiwan Dollars)

	2016	2015
Cash flows from operating activities:		
Profit before tax	$ 595,654	514,822
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation (Including investment property)	21,595	24,632
Amortization	6,837	8,243
Provision for bad debt expense	109,767	42,149
Compensation cost arising from employee stock options	35,637	18,755
Provision for (Gain on reversal of) inventory obsolescence	8,761	(21,342)
Gain on disposal of investment	15,269	(2,830)
Share of loss of associates accounted for using equity method	234	319
Other	(5,066)	(8,001)
	193,034	61,925
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	149,926	(80,420)
Increase in accounts receivable	(37,181)	(845,641)
Decrease (increase) in construction contracts receivable	515,864	(31,975)
Increase in inventories	(52,117)	(53,907)
Decrease (increase) in other financial assets	(232,406)	77,945
	344,086	(933,998)
Changes in operating liabilities:		
Decrease in notes payable	(33,192)	(16,163)
Increase (decrease) in accounts payable	(210,044)	262,244
Increase in construction contracts payable	488,110	36,013
Increase in advance sales receipts	80,336	361,298
Increase in other current liabilities	3,403	114,932
	328,613	758,324
Total adjustments	865,733	(113,749)
Cash inflow generated from operations	1,461,387	401,073
Interest received	9,476	10,867
Interest paid	(3,453)	(2,178)
Income taxes paid	(165,644)	(109,355)
Net cash generated from operating activities	1,301,766	300,407
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(156,174)	(180,000)
Proceeds from disposal of available-for-sale financial assets	172,405	203,816
Acquisition of property, plant and equipment	(28,468)	(11,596)
Proceeds from disposal of property, plant and equipment	3,362	431
Acquisition of investment property	(116,729)	-
Decrease (increase) in other non-current assets	13,621	(27,045)
Net cash used in investing activities	(111,983)	(14,394)
Cash flows from financing activities:		
Increase in short-term loans	9,823	105,622
Payment of cash dividends	(284,015)	(93,232)
Changes in non-controlling interests	242,074	53,478
Net cash generated from (used in) financing activities	(32,118)	65,868
Effect of exchange rate changes on cash and cash equivalents	(99,410)	1,897
Net increase in cash and cash equivalents	1,058,255	353,778
Cash and cash equivalents at beginning of year	1,495,223	1,141,445
Cash and cash equivalents at end of year	$ 2,553,478	1,495,223

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese.)

Acter Co., Ltd. and Its Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(expressed in thousands of New Taiwan dollars, unless otherwise specified)

1. Organization and business scope

Acter Co., Ltd. (the "Company") was incorporated on February 19, 1979, under the approval of the Ministry of Economic Affairs, R.O.C. The Company's registered office address is located at 19F-1, No.201, Sec.2, Wenxin Road, Xitun District., Taichung City 40758, Taiwan (R.O.C.).The consolidated financial statements of the Company as of and for the year ended December 31, 2016 comprised the Company and its subsidiaries (together referred to as the "Group"). The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. The principal operating activities of the rest of the Group entities are described in Notes 4 (3). Acter's common shares were publicly listed on the Taipei Exchange ("TPEx") on November 10, 2010.

2. Approval date and procedures of the consolidated financial Statements

The consolidated financial statements for the years ended December 31, 2016 and 2015 was assented to the audit committee over half of all members and authorized for issuance by the Board of Directors on February 23, 2017.

3. New Standards, amendments and interpretations adopted

(1) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") but not yet in effect.

According to Ruling No. 1050026834 issued on July 18, 2016, by the FSC, public entities are required to conform to the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC on January 1, 2017 in preparing their financial statements. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014
Annual improvements cycle 2012-2014	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

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(2) Newly released or amended standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC. The FSC announced that the Group should apply IFRS 9 and IFRS 15 starting January 1, 2018. As of the date the Group's financial statements were issued, the FSC has yet to announce the effective dates of the other IFRSs. As of the end of reporting date is as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IFRS 4 " Insurance Contracts"("Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts")	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Amendments to IAS 40, Transfers of Investment Property	January 1, 2018

The Group is still currently determining the potential impact of the standards listed below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue," IAS 11 "Construction Contracts," and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.

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Issuance / Release Dates	Standards or Interpretations	Content of amendment
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: ・ Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. ・ Impairment: The expected credit loss model is used to evaluate impairment. ・ Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: ・ For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of-use asset during the lease term. ・ A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Group is evaluating the impact on its financial position and financial performance of the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

4. Summary of Significant accounting policies

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

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

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

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

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

B. Functional and presentation currency

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

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised the Company and its subsidiaries.

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

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

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the Group's share of net assets before and after the change, and any considerations received or paid, are adjusted to or against the Group reserves.

B. List of subsidiaries in the consolidated financial statements

			Shareholding	
Name of investor	**Name of subsidiary**	**Principal activity**	**2016.12.31**	**2015.12.31**
(a)The Company	Nova Technology Corp. (Nova Tech) (Note 3)	Wholesale of electronic and chemical equipment	73.06%	87.41%
	HerSuo Engineering Co., Ltd. (HerSuo)	Construction and set-up of freezing equipment	100%	100%
	Enrich Tech Co., Ltd. (Enrich Tech)(Note 2)	Comprehensive construction company	60%	60%
	Sheng Huei International Co., Ltd. (Sheng Huei International)	Investment holding company	100%	100%
	Nova Technology Singapore Pte., Ltd. (NTS)	Auto-supply system for semiconductors	100%	100%
(b) Nova Tech	Winmax Technology Corp. (Winmax)	Design and manufacture of air containers and liquid containers	100%	100%
	Winmega Technology Corp. (Winmega)	Wholesale of electronic and chemical engineering equipments	100%	100%
	Suzhou Winmax Technology Corp. (Suzhou Winmax) (Note 4)	Design and manufacture of air containers and liquid containers	100%	-
	Novatech Engineering & Construction Pet., Ltd (NTEC) (Note 5)	Auto-supply system for semiconductors	100%	-
(c) Sheng Huei International	Sheng Huei (Suzhou) Engineering Co., Ltd. (Sheng Huei Suzhou)	Construction and set-up of electronic equipment and air conditioners	100%	100%
	Acter International Ltd.	Investment holding	100%	100%

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Name of investor	Name of subsidiary	Principal activity	Shareholding 2016.12.31	Shareholding 2015.12.31
	(Acter International)	company and trading of clean rooms and air conditioners		
	New Point Group Ltd. (New Point)	Investment holding company and trading of clean rooms and air conditioners	100%	100%
	Sheng Huei Engineering Technology Co., Ltd. (Sheng Huei Engineering)	Set-up of electronic protection systems and central air conditioners	100%	100%
(d) NTS	Nova Technology Malaysia Sdn. Bhd.(NTM)	Auto-supply system for semiconductors	100%	100%
	PT. Novamex Indonesia. (NMI) (Note 1)	Huge machinery and other goods trading	100%	100%
	Acter Engineering Co., Ltd. (Acter Engineering)	Constructin and setup of electronic equipment and air conditioners	100%	100%
(e) Sheng Huei (Suzhou)	Shenzhen Ding –Mao Trade Co., Ltd. (Shenzhen Ding –Mao)	Electronic equipment and machinery trading	100%	100%
	SCEC (Suzhou) Corporation (SCEC Suzhou)	Construction and set-up of electronic equipment and air conditioners	57.81%	57.81%
	SCEC (Shanghai) Corporation (SCEC Shanghai)	Wholesale, import and export of equipment and commission agent	57.81%	57.81%
(f) Acter International	Sheng Huei (Shenzhen) Engineering Co., Ltd. (Sheng Huei Shenzhen)	Construction and set-up of electronic equipment and air conditioners	100%	100%
(g) New Point	Zhangjiagang Free Trade Zone Fuyu Internation Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100%	100%

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

Note 2: Enrich Tech increased capital in March, 2015. The shareholding decreased from 100% to 60% because the Group did not participate in this investment.

Note 3: Nova Tech increased capital in November, 2015, with 15% shares reserved for employee purchase; The Group participated in this investment by its shareholding ratio, making the shareholding of Nova tech decrease from 88.95% to 87.41%.

The Company sold 2.3% of shares of Nova Tech in June, 2016, bought 9.7% of shares of Nova Tech from Solar Applied Materials Technology Corporation in July, 2016, sold 11.26% of shares of Nova Tech to the Company's shareholders in September, 2016 and sold 2.03% of shares of Nova Tech in December, 2016. Nova Tech has increased capital in November, 2016 and the company did not participate in this investment, therefore, the shareholding ratio decreased by 8.46%.

Aforementioned transactions making the Group's shareholding ratio of Nova Tech decrease from 87.41% to 73.06%.

Note 4: Nova Tech established Suzhou Winmax in June, 2016.

Note 5: Nova Tech established Novatech Engineering & Construction Pte., Ltd. in August, 2016.

C. Subsidiaries excluded from consolidation: None.

(4) Foreign currency

A. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period adjusted for the effective interest and payments during the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following accounts which are recognized in other comprehensive income:

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

B. Foreign operations

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

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

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

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

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

1. An entity shall classify an asset as current when it meets one of the following conditions; the other assets as non-current.

   A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

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

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

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

2. An entity shall classify a liability as current when: it meets one of the following matters, the other liabilities as non-current.

   A. It expects to settle the liability in its normal operating cycle;

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

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

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

A. Financial assets

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

a. Financial assets at fair value through profit or loss

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

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

- Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

- Performance of the financial asset is evaluated on a fair value basis.

- Hybrid instrument contains one or more embedded derivatives.

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

b. Available-for-sale financial assets

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

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

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

c. Receivables

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

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

d. Impairment of financial assets

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

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

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

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

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

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

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

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

e. Derecognition of financial assets

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

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

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

B. Financial liabilities and equity instruments

a. Classification of debt or equity

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

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

Preferred share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognized as distributions within equity upon approval by the Group's shareholders. Preferred share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if the dividend payments are not discretionary.

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

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

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

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

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

b. Financial liabilities at fair value through profit or loss

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

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

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

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

iii. Hybrid instrument contains one or more embedded derivatives.

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

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

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

c. Other financial liabilities

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

d. Derecognition of financial liabilities

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

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

e. Offsetting of financial assets and liabilities

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

C. Derivative financial instruments, including hedge accounting

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

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

(8) Inventories

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

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

(9) Construction Contracts

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

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

Contract costs that are not probable of being recovered are recognized as an expense immediately. Examples of circumstances in which the recoverability of contract costs incurred may not be probable and in which contract costs may need to be recognized as an expense immediately include:
(a) that are not fully enforceable, meaning their validity is seriously in question;
(b) the completion of which is subject to the outcome of pending litigation or legislation;
(c) relating to properties that are likely to be condemned or expropriated;

(d) when the customer is unable to meet its obligations; or
(e) when the contractor is unable to complete the contract or otherwise meet its obligations under the contract.

(10) Investment in associates

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

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

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

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

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

(11) Investment property

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

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

(12) Property, plant and equipment

A. Recognition and measurement

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

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

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

B. Subsequent cost

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

C. Depreciation

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

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

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

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

a. Buildings: 5~50 years

b. Other facilities: 3~9 years

c. The significant portion of plant and building consists of its main building and miscellaneous parts, which are estimated over their useful life within 5~49 years.

d. The significant portion of other facilities consists of transportation vehicles and others, which are estimated over their useful life within 3~9 years.

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

(13) Intangible assets

A. Other Intangible Assets

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

B. Subsequent Expenditure

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

C. Amortization

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

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

Computer software cost 2~10 years

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

(14) Impairment – Non-derivative financial assets

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

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

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

(15) Provisions

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

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

(16) Revenue

A. Goods sold

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

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

B. Construction contracts

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

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

(17) Employee benefits

A. Defined contribution plans

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

B. Defined benefit plans

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

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

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

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

C. Short-term employee benefits

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

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

(18) Share-based payment

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

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

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

(19) Income Taxes

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

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

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

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

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

C. Initial recognition of goodwill.

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

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

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

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

i. Taxpayer remains the same; or

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

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

(20) Business combination

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

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

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

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

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

(21) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding.

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

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

(22) Operating segments

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

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

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(1) Revenue recognition

Contract revenue and costs are recognized by reference to the stage of completion of each contract. The stage of completion of a contract is measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Estimated total contract costs of contracted items are assessed and determined by the management based on the nature of activities, expected construction periods, processes, methods, etc., for each construction contract. Changes in these estimates might affect the calculation of the percentage of completion and related profits from construction contracts. Refer to note 6 (4) for further description of the for revenue recognition.

(2) Impairment of trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is considered each clients' credit record, financial position and aging of account receivables and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise. Refer to note 6 (3) for further description of the impairment of trade receivable.

(3) Recognition and measurement of provisions

Provision for warranty is estimated when construction revenue is recognized. The estimate has been made based on the provision conditions of contracts and the historical records of warrnty. There could be a significant adjust on provision for warranty for any change in the basis of the estimate. Refer to note 6 (8) for further description of the recognition and measurement of provisions.

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

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

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

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

6. Explanations of significant account

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Petty cash and cash on hand	$ 1,396	4,296
Checking and demand deposits	1,626,616	853,034
Time deposits	496,046	122,400
Cash equivalent - repurchased commercial paper	429,420	515,493
	$ 2,553,478	1,495,223

The above-mentioned repurchased commercial paper rate as of December 31, 2016 and 2015 was 0.32%~0.55% and 0.40%~0.44%, respectively, and it matures from January 4 to February 3, 2017 and from January 4 to February 1, 2016, respectively.

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Please refer to note 6 (21) for the disclosure of sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(2) Investment in financial assets

		December 31, 2016	December 31, 2015
Current:			
Available-for-sale financial assets			
Beneficiary securities - open-end funds	$	202,046	211,765
Non-current:			
Available-for-sale financial assets			
Xantia Corporation Co., Ltd.		-	5,283
Holy Stone Healthcare Co., Ltd.		3,960	9,938
Financial assets carried at cost			
Taichung International Entertainment Co., Ltd. (under other noncurrent assets)		45	45
Total	$	206,051	227,031

A. In February, 2017, The Group has disposed all shares of Xantia Corporation Co., Ltd. at $1,714 and derecognized $14,363 unrealized losses on available-for-sale financial assets which were originally recognized in other comprehensive income. Losses on disposal of investment is $17,932 and the related consideration has been collected before March 31, 2017.
Please refer to note 6 (17) for the gain (losses) on disposal of investments.
B. The aforesaid financial assets were not pledged.
C. The aforementioned investments held by the Group are measured at cost less impairment losses on the reporting date. The fair values of these investments cannot be measured reliably because the range of reasonable fair value estimates is wide and the probabilities for each estimate cannot be reasonably determined.
D. The risk of credit, currency and interest related to the financial instruments was disclosed in note 6 (21).

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

	2016		2015	
Stock Price	Other Comprehensive income (net of tax)	Net Income (net of tax)	Other Comprehensive income (net of tax)	Net Income (net of tax)
Increase by 3%	$ 6,180	-	6,810	-
Decrease by 3%	$ 6,180	-	6,810	-

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

From operating activities:		December 31, 2016	December 31, 2015
Notes receivable	$	95,956	245,882
Accounts receivable		2,605,527	2,669,818
Less: Allowance for impairment		(254,547)	(173,027)
	$	2,446,936	2,742,673
Other receivables		51,355	47,295
Less: Allowance for impairment		(21,273)	(10,893)
Total	$	2,477,018	2,779,075

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

		December 31, 2016	December 31, 2015
Past due 1-120 days	$	245,178	365,242
Past due 121-180 days		39,881	45,359
Past due 181-360 days		120,012	183,577
Past due 361-540 days		4,385	19,080
	$	409,456	613,258

A. Accounts receivable includes retained construction receivable, which amounted to $87,706, and $69,073 as of December 31, 2016 and 2015, respectively.

B. The Group does not obtain collateral for the above collectibles, and the notes and accounts receivable are not pledged.

C. Impairment loss is the difference between the carrying amount and the amount expected to be collected. The movement in the allowance for impairment with respect to notes and accounts receivable and other receivables for the year ended December 31, 2016 and 2015 were as follows:

		2016	2015
Balance, January 1	$	183,920	141,813
Impairment loss recognized		109,767	42,149
Effect of exchange rate changes		(17,867)	(42)
Balance, December 31	$	275,820	183,920

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(4) Construction contracts

A. Construction revenue and loss

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

		2016	2015
Construction revenue recognized in the periods	$	6,786,540	6,974,481

B. Construction-in-progress

		December 31, 2016	December 31, 2015
Accumulated construction costs incurred (including contract costs that relate to future activity)	$	9,026,757	8,851,988
Add: Accumulated construction profit and losses		327,635	187,938
		9,354,392	9,039,926
Less: Progress billings		(9,478,454)	(8,160,014)
	$	(124,062)	879,912
Construction contracts receivable presented as an asset	$	904,016	1,419,880
Construction contracts payable presented as a liability		(1,028,078)	(539,968)
	$	(124,062)	879,912
Advance received before construction begins	$	6,057	4,575

(5) Inventories

		December 31, 2016	December 31, 2015
Finished goods and merchandise	$	398,579	85,842
Work in process and semi-finished goods		726,967	972,673
Raw materials		80,221	95,135
		1,205,767	1,153,650
Less: provision for inventory devaluation		(11,770)	(3,009)
	$	1,193,997	1,150,641

For the years ended December 31, 2016 and 2015, the Group wrote down (reversed) an operating cost of $8,761 and $(21,342), respectively, from the write-down (recovery) of inventory cost to net realizable value.

The inventories are not pledged for the year ended December 31, 2016 and 2015.

(6) Investment in equity-accounted investees

A. Associates

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

Associates	Relationship with the Company	Main Business Location /Registered country	Percentage of ownership and voting share December 31,2016	Percentage of ownership and voting share December 31,2015
Global OneSource Life Sciences Company Ltd.	Service for project management and consulting of techniques and design for pharmacy and medication, which is the Group's investment	Hong Kong	40%	40%

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

	2016	2015
The carrying amount of the Group's interests in all individually immaterial associates	$ 2,192	2,845

Profit attributable to the Group:	2016	2015
Loss from continuing operation	$ (234)	(319)
Comprehensive income	$ (234)	(319)

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

(7) Acquisition of subsidiaries and non-controlling interest

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

The Company sold 2.3% of shares of Nova Tech in June, 2016, bought 9.7% of shares of Nova Tech from Solar Applied Materials Technology Corporation in July, 2016, sold 11.26% of shares of Nova Tech to the Company's shareholders in September, 2016 and sold 2.03% of shares of Nova Tech in December, 2016. Nova Tech has increased capital in November, 2016 and the company did not participate in this investment, therefore, the shareholding ratio decreased by 8.46%.

Aforementioned transactions making the Group's shareholding ratio of Nova Tech decrease from 87.41% to 73.06%.

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Enrich Tech increased capital in March, 2015. The shareholding decreased from 100% to 60% because the Group did not participate in this investment.
The above transactions generated non-controlling interests amounting to $157,273 and $53,478 for the year ended December 31, 2016 and 2015, respectively.

(8) Significant subsidiaries of non-controlling interest
Non-controlling interests of subsidiaries of the Group that are significant to the Group are as follows:

		Percentage of non-controlling ownership	
Subsidiaries	**Main Business Location/Registered Country**	**December 31, 2016**	**December 31, 2015**
Nova Tech	R.O.C.	26.94%	12.59%
Enrich Tech	R.O.C.	40%	40%
SCEC Shanghai	China	42.19%	42.19%
SCEC Suzhou	China	42.19%	42.19%

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

A. Information regarding of Nova Tech:

	December 31,2016	December 31,2015
Current assets	$ 1,494,559	991,167
Non-current assets	740,861	565,950
Current liabilities	(1,089,135)	(692,842)
Non-current Liabilities	(80,667)	(56,345)
Net assets	1,065,618	807,930
Non-controlling interest	287,079	101,727

	2016	2015
Operating revenue	$ 1,284,689	1,407,756
Net income for the period	264,391	150,448
Other comprehensive income	(47,674)	2,525
Comprehensive income	216,717	152,973
Net income attributable to non-controlling interest	28,077	17,433
Comprehensive income attributable to non-controlling interest	22,947	17,709
Cash flows from operating activities	$ 258,468	(57,667)
Cash flows from investing activities	29,721	28,857
Cash flows from financing activities	40,240	55,600
Net increase in cash and cash equivalents	$ 328,429	26,790

B. Information regarding of Enrich Tech:

	December 31,2016	December 31,2015
Current assets	$ 116,881	62,349
Non-current assets	755	1,093
Current liabilities	(79,505)	(9,339)
Net assets	**38,131**	**54,103**
Non-controlling interest	**15,252**	**21,642**

	2016	2015
Operating revenue	**$ 54,291**	**57,136**
Net income for the period	(15,972)	(2,531)
Other comprehensive income (loss)	-	-
Comprehensive income	**(15,972)**	**(2,531)**
Net income attributable to non-controlling interest	**(6,389)**	**(765)**
Comprehensive income attributable to non-controlling interest	**(6,389)**	**(765)**
Cash flows from operating activities	$ 4,700	(23,257)
Cash flows from investing activities	(66)	(617)
Cash flows from financing activities	-	44,625
Net increase in cash and cash equivalents	**$ 4,634**	**20,751**

C. Information regarding of SCEC Shanghai:

	December 31,2016	December 31,2015
Current assets	$ 24,869	29,180
Non-current assets	-	4,040
Current liabilities	(1,051)	(3,201)
Net assets	**23,818**	**30,019**
Non-controlling interest	**10,049**	**12,665**

	2016	2015
Operating revenue	**$ 6,138**	**33,123**
Net income for the period	(3,733)	297
Other comprehensive income	-	-
Comprehensive income	**(3,733)**	**297**
Net income attributable to non-controlling interest	**(1,575)**	**125**
Comprehensive income attributable to non-controlling interest	**(1,575)**	**125**
Cash flows from operating activities	$ 1,502	(19,522)
Cash flows from investing activities	115	1,703
Cash flows from financing activities	67	-
Effect of exchange rate changes	(395)	22
Net increase (decrease) in cash and cash equivalents	**$ 1,289**	**(17,797)**

D. Information regarding of SCEC Suzhou:

	December 31,2016	December 31,2015
Current assets	$ 12,666	24,809
Non-current assets	-	222
Current liabilities	(504)	(5,427)
Net assets	12,162	19,604
Non-controlling interest	5,131	8,271

	2016	2015
Operating revenue	$ 5,101	20,840
Net income for the period	(5,990)	(23,958)
Other comprehensive income (loss)	-	-
Comprehensive income	(5,990)	(23,958)
Net income attributable to non-controlling interest	(2,527)	(10,108)
Comprehensive income attributable to non-controlling interest	(2,527)	(10,108)
Cash flows from operating activities	$ 3,961	(30,579)
Cash flows from investing activities	6	(79)
Cash flows from financing activities	-	-
Effect of exchange rate changes	(1,034)	24
Net increase (decrease) in cash and cash equivalents	$ 2,933	(30,634)

(9) Property, plant and equipment

	Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Cost:					
Balance on January 1, 2016	$ 183,187	184,555	110,331	1,420	479,493
Additions	-	-	25,795	3,098	28,893
Disposals	-	-	(21,362)	-	(21,362)
Effect of movements in exchange rates	-	(7,581)	(6,560)	(125)	(14,266)
Balance on December 31, 2016	$ 183,187	176,974	108,204	4,393	472,758
Balance on January 1, 2015	$ 151,631	161,038	112,779	1,283	426,731
Additions	-	-	11,430	142	11,572
Disposals	-	(8)	(13,125)	-	(13,133)
Reclassifications	31,556	23,871	-	-	55,427
Effect of movements in exchange rates	-	(346)	(753)	(5)	(1,104)
Balance on December 31, 2015	$ 183,187	184,555	110,331	1,420	479,493

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		Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Depreciation:						
Balance on January 1, 2016	$	-	29,077	70,062	-	99,139
Depreciation		-	6,705	14,380	-	21,085
Disposals		-	-	(15,392)	-	(15,392)
Reclassifications		-	-	(173)	-	(173)
Effect of movements in exchange rates		-	(1,588)	(4,843)	-	(6,431)
Balance on December 31, 2016	$	-	34,194	64,034	-	98,228
Balance on January 1, 2015	$	-	22,678	63,458	-	86,136
Depreciation		-	6,480	17,821	-	24,301
Disposals		-	(8)	(10,785)	-	(10,793)
Reclassifications		-	-	(24)	-	(24)
Effect of movements in exchange rates		-	(73)	(408)	-	(481)
Balance on December 31, 2015	$	-	29,077	70,062	-	99,139
Carrying amounts:						
Balance on December 31, 2016	$	183,187	142,780	44,170	4,393	374,530
Balance on December 31, 2015	$	183,187	155,478	40,269	1,420	380,354

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

(10) Investment Property

		Land and improvement	Building and construction	Facilities	Total
Cost:					
Balance on January 1, 2016	$	20,937	12,561	86	33,584
Additions		118,985	99,216	-	218,201
Balance on December 31, 2016	$	139,922	111,777	86	251,785
Balance on January 1, 2015	$	20,937	12,561	86	33,584
Balance on December 31, 2015	$	20,937	12,561	86	33,584
Depreciation:					
Balance on January 1, 2016	$	-	2,976	71	3,047
Depreciation		-	510	-	510
Balance on December 31, 2016	$	-	3,486	71	3,557
Balance on 1 January 2015	$	-	2,645	71	2,716
Depreciation		-	331	-	331
Balance on December 31, 2015	$	-	2,976	71	3,047
Carrying amounts:					
Balance on December 31, 2016	$	139,922	108,291	15	248,228
Balance on December 31, 2015	$	20,937	9,585	15	30,537
Fair value:					
Balance on December 31, 2016					$ 264,458
Balance on December 31, 2015					$ 37,069

The board of directors of Acter resolved in July 20, 2016 to acquire the building on Beitou District, Taipei and West District, Taichung, for non-operating purpose and recognized as investment property.

The board of directors of Acter resolved in November 2006 to purchase the building on Chiang Kai-shek Road, Taichung, for self-use or lease purposes, and the lease began in 2007. As of December 31, 2016, the future receivable for the Group was as follows:

Term		Amount
2017.01.01~2019.5.19	$	1,314

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

(11) Provisions

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

		2016	2015
Balance on January 1	$	192,982	195,917
Provisions made during the period		129,355	116,772
Provisions used during the period		(76,881)	(119,268)
Effect of movements in exchange rates		(9,883)	(439)
Balance on December 31	$	235,573	192,982

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

(12) Short-term loans

		December 31, 2016	December 31, 2015
Unsecured bank loans	$	193,680	183,857
Secured bank loans		-	-
	$	193,680	183,857
Unused facilities	$	2,238,288	1,912,269
Interest Rate		1.8%~2.5%	1.65%~2.00%

A. Borrowing and repayment

The Group borrowed (repaid) its short-term loans by $9,823 and $(105,622) for the year ended December 31, 2016 and 2015, respectively.

B. Securities for bank loans

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

(13) Advance sales receipts

Projects	December 31, 2016	December 31, 2015
W3-XXC08X	$ 77,447	-
W3-XXC04X	-	414,890
W3-XXC001X	174,261	-
W3-XXC002X	111,581	-
W3-XXC05X	-	103,440
W3-XXC05X	-	56,753
W3-XXC053X	75,946	-
W3-XXC121X	64,827	-
N3XXC123	62,000	-
W3-XXC092X	54,626	-
Other (Net less than 5%)	434,658	310,010
	$ 1,055,346	**885,093**

(14) Employee benefits

A. Defined benefit plans

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

	December 31, 2016	December 31, 2015
Present value of defined benefit obligation	$ 59,466	51,909
Fair value of plan assets	(19,066)	(17,004)
Defined benefit obligations	**$ 40,400**	**34,905**

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

(a) Composition of plan assets

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

The Group’s labor pension reserve account balance in the Bank of Taiwan amounted to $19,066 as of December 31, 2016. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

		2016	2015
Balance, January 1	$	51,909	49,548
Service cost and interest for the period		973	991
Remeasurement of the net defined benefit liability (asset)			
－Actuarial loss generated from changes in financial assumptions		4,820	1,248
－Actuarial loss generated from changes in experience adjustments		1,764	122
Balance, December 31	**$**	**59,466**	**51,909**

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

		2016	2015
Balance, January 1	$	17,004	14,806
Contributions made		1,902	1,894
Interest revenue		337	316
Actuarial gain (loss)		(177)	(12)
Balance, December 31	**$**	**19,066**	**17,004**

(d) The expenses recognized in profit or loss

		2016	2015
Net interest cost of net defined benefit liability	**$**	**636**	**675**
Operating cost		154	126
Operating expense		508	549
	$	**662**	**675**

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

		2016	2015
Attributable to:			
The Company	$	(5,326)	(1,350)
Non-controlling interests		(717)	(26)
Recognition for the period	**$**	**(6,043)**	**(1,376)**

(f) Actuarial assumptions

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

	December 31, 2016	December 31, 2015
Discount rate	1.417%	1.875%
Future salary rate increases	3.00%	3.00%

The Group is expected to make a contribution payment of $1,876 to the defined benefit plans for the one year period after the reporting date.
The weighted – average duration of the defined benefit plans is 19.8 years.

(g) Sensitivity analysis

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

	The impact on defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
Discount rate	$ (2,533)	2,674
Future salary increase (decrease)	2,595	(2,477)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2016 and 2015.

B. Defined contribution plans

The Company, HerSuo, Nova Tech and Enrich Tech contribute an amount at the rates of 6% of the employee’s monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group’s offshore subsidiaries contribute pension to local social insurance agency in accordance with the provisions of local act. The Group’s contributions to the Bureau of the Labor Insurance or other local social insurance agency for the employees’ pension benefits require no further additional payment of legal or constructive obligations.

For the years ended December 31, 2016 and 2015, the Group set aside $22,621 and $22,923, respectively, of the pension costs under the defined contribution method.

(15) Capital and other equity

A. Issuance of common stock

The Company's shareholders' meeting on June 18, 2014 approved the issuance of restricted stock to employees, with a total shares amounting to 1,200,000, and issued by batch. The first batch amounting to 480,000 shares has been issued and its total value amounted to $4,800 in December 2014, with a par value $10, approbated by the Financial Supervisory Commission, effective on January 12, 2015. The record date of issuance of restricted stock to employees resolved by the board of directors was January 26, 2015. The Company filed an issuance of restricted stock to employees on May 28, 2015 for 720,000 shares, with a total shares amounting to $7,200 and a par value $10. The effective date of this issuance is June 12, 2015. The record date of issuance of restricted stock to employees resolved by the board of directors was January 11, 2016.
On May 31, 2016 and November 8, 2016, The Company's board of directors approved to write off restricted stock to employees 28,000 shares and 71,000 shares, respectively. The record date of capital reduction were June 8, 2016 and November 15, 2016, respectively. The company had finished the capital reduction registration.
As of December 31, 2016 and 2015, the authorized common stock was $720,000, while the issued common stock amounted to $472,369 and $466,159, respectively, with a par value of $10 per share.

B. Capital surplus

The components of the capital surplus were as follows:

		December 31, 2016	December 31, 2015
From issuance of common stock	$	903,124	896,599
Difference between consideration and carrying amount of subsidiaries acquired or disposed		30,382	-
From changes in equity of associates and joint venture accounted for under equity method		66,495	47,076
From issurance of restricted stocks for employees		71,655	34,800
	$	**1,071,656**	**978,475**

a. Enrich Tech increased capital in March, 2015. The shareholding decreased from 100% to 60% because the Group did not participate in this investment, with an increase in capital surplus amounting to $6,153.

b. Nova Tech increased capital in November, 2015, with 15% shares reserved for employee purchase. The Group participated in this investment by its shareholding ratio, making the shareholding ratio of Nova Tech decrease from 88.95% to 87.41%. The above transactions increase in capital surplus amounting to $571 for the year ended December 31, 2015.

Nova Tech increased capital in November, 2016. The Group did not participate in this investment, making the shareholding ratio decreased by 8.46%. The above transactions increase in capital surplus amounted to $19,419 for the year ended December 31, 2016.

The Group sold 2.3%, bought 9.7% and sold 2.03% of shares of Nova Tech in June, July and December, 2016, respectively. And sold 11.26% of shares of Nova Tech to the Group's shareholders in September, 2016. The above transactions increase in capital surplus amounted to $30,382 for the year ended December 31, 2016.

c. The company issued restricted stock to employee on January 11, 2016 and January 26, 2015, resulting a premium on common stock amounted to $50,400 and $34,800, respectively, and recognized in capital surplus.

On June 8, 2016, employees met the vesting conditions and lifted the restriction of 90,000 shares of restricted stocks, resulting premium on common stock amounted to $6,525 and decreasing capital surplus amounted to $6,525. The Company wrote off 28,000 shares of restricted stock and decreasing capital surplus amounted to $1,988.

On November 15, 2016, the Company wrote off 71,000 shares of restricted stock and decreasing capital surplus amounted to $5,032.

The above transactions generated capital surplus amounting to $93,181 and $41,524 as of December 31, 2016 and 2015, respectively.

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

C. Retained earnings

The Company recognized the remeasurements effects on defined benefit plans as other comprehensive income under retained earnings. The changes for the year ended December 31, 2016 and 2015 were as follows:

		2016	2015
Attributable to the Company	$	(3,008)	(1,154)
Attributable to subsidiaries		(3,035)	(222)
	$	**(6,043)**	**(1,376)**

According to Acter's articles of incorporation, 10% of the annual earnings, after offsetting any accumulated deficit and payment of income taxes due, if any, shall be set aside as a legal reserve. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside and the remaining balance is partially reserved depending on the business environment, growth status, and long-term finance planning. After deducting the aforementioned partially reserve, the remaining balance, plus, any unappropriated earnings in previous years shall be used for distribution of stockholders' bonuses by the board of directors, depending on the capital status and economic development in the current year. Cash bonuses should not be less than 10% of the total stockholders' bonuses, and they will be recommended by the board of directors and resolved in the stockholders' meeting.

(1) Legal reserve

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

(2) Special reserve

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

The net increase in retained earnings due to the first adoption of IFRS 1 amounting to $39,793, shall be recorded as special reserve under related rules, with an increase in special reserve amounting to $3 for the year ended December 31, 2015. The apportioned earnings are reversed to the extent the percentage the special reserve is originally recognized when related assets are used, disposed of or reclassified.

As of December 31, 2016 and 2015, the Company's balance of special reserve were both $36,888.

(3) Earnings distribution

On May 31, 2016, and May 28, 2015, the meeting of stockholders of Acter approved the distribution plan of retained earnings proposed by the Board of Directors. The information about dividends per share for 2015 and 2014 employees' bonuses and directors' and supervisors' remuneration for 2014 is as follows:

	2015	**2014**
Dividends per share (In New Taiwan Dollars):		
Cash	$ 6.00	2.00
Employees' bonuses－cash		3,457
Directors' and supervisors' remuneration		1,707
		5,164

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

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D. Other equity interest (net of tax)

	Foreign currency translation differences for foreign operations	Investment in available-for-sale financial assets	Other Equity-Unearned employee benefit	Total
Balance, January1, 2016	$ 58,573	(14,583)	(20,845)	23,145
Foreign currency translation differences (net of tax):				
The Group	(96,728)	-	-	(96,728)
Unrealized gains(losses) on available-for-sale financial assets:				
The Group	-	8,685	-	8,685
Unearned employee benefit				
The Group	-	-	(13,953)	(13,953)
Balance, December 31, 2016	**$ (38,155)**	**(5,898)**	**(34,798)**	**(78,851)**
Balance, January1, 2015	$ 58,501	(2,634)	-	55,867
Foreign currency translation differences (net of tax):				
The Group	72	-	-	72
Unrealized gains(losses) on available-for-sale financial assets:				
The Group	-	(11,949)	-	(11,949)
Unearned employee benefit				
The Group	-	-	(20,845)	(20,845)
Balance, December 31, 2015	**$ 58,573**	**(14,583)**	**(20,845)**	**23,145**

(16) Share-based payment

The Company’s shareholders’ meeting on June 18, 2014 approved the issuance of restricted stock to employees, with a total shares amounting to 1,200,000, and issued by batch. The first batch amounting to 480,000 shares has been issued and its total value amounted to $4,800 in December 2014, with a par value $10, approbated by the Financial Supervisory Commission, effective on January 12, 2015. The record date of issuance of restricted stock to employees resolved by the Board of Directors was January 26, 2015. The Company filed an issuance of restricted stock to employees on May 28, 2015 for 720,000 shares, with a total shares amounting to $7,200 and a par value $10. The effective date of this issuance is June 12, 2015. The record date of issuance of restricted stock to employees resolved by the Board of Directors was January 11, 2016.

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

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

	2016	**2015**
Unit: In thousand shares		
Balance, beginning of the period	480	-
Granted	720	480
Vested	(90)	-
Forfeited	(99)	-
Balance, end of the period	**1,011**	**480**

The company has two share-based payment trade as of December 31, 2016：

	Equity-settled Restricted stock to employee	**Equity-settled Restricted stock to employee**
Grant date	2016.1.11	2015.1.26
Grant (Unit：In thousand shares)	720	480
Contractual life	2016.1.11~2019.1.11	2015.1.26~2018.1.26
Object of grant	The Company's employees who have formal employment relationship with the Company and serve as supervisors above manager level related to business operation	The Company's employees who have formal employment relationship with the Company and serve as supervisors above manager level related to business operation
Vesting conditions	Note 1	Note 1

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

a. The Company's financial performance is measured by sum of operating revenue and profit before tax, less share of gain of subsidiaries accounted for using equity method (gain on long-term investment) when it reaches the goal set by the Company in the next three years since issuance.

b. Employees who are granted with restricted stock and serve in the Company before the vested period matures, and who do not violate against the labor contract or working rules, will be granted with restricted stock based on the following schedule and granted portion:

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

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

	2016	2015
	Restricted stock to employee	Restricted stock to employee
Fair value at grant date	61.5&74.1	$61.5
Stock price at grant date	82.5&80	$82.5
Exercise price	-	-
Expected price volatility (%)	29.02%&0.46%	29.02%
Life of option (year)	3	3
Expect divided yield rate (%)	9.76%&2.52%	9.76%
Risk-free rate (%)	1.12%&1.13%	1.12%

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

2. Relevant information on restricted stock to employee:

Information on restricted stock to employee was as follows：

	2016		2015	
(Expressed in thousand unit)	Weighted-Average Exercise Price	Number of Exercisable Shares	Weighted-Average Exercise Price	Number of Exercisable Shares
Balance, beginning of the period	$ -	480	$ -	-
Granted	-	720	-	480
Forfeited	-	(90)	-	-
Exercised	-	(99)	-	-
Expired	-	-	-	-
Balance, end of the period		1,011		480

	December 31, 2016	December 31, 2015
Weighted-average remaining contractual life	1.07~2.03	2.07

3. Expenses and liabilities resulting from share-based payments

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

	2016	2015
Expenses resulting from issuance of restricted stock to employees	$ 18,904	18,755

The Company issued restricted stock to employees amounted to $7,200 and $4,800 for the year ended December 31, 2016 and 2015, respectively. A capital surplus - restricted stock to employees resulting from the above transaction was recognized amounted to $50,400 and $34,800. Expenses resulting from the above transaction were recognized amounted to $18,904 and $18,755, and unearned employee benefit resulting from the above transaction were recognized amounted to $13,953 and $20,845 as of December 31, 2016, respectively.

(17) Non-operating income and expenses

Other revenue

	2016	2015
Interest income	$ 9,074	11,230
Rental income	1,306	1,292
Others	12,179	8,275
	$ 22,559	20,797

Other income and losses

	2016	2015
Exchange gain on foreign currency	$ 1,883	17,203
Gain on disposal of investment	(15,269)	2,830
Others	(11,285)	(1,909)
	$ (24,671)	18,124

(18) Remuneration to employees and directors

According to the Company’s articles of incorporation, remuneration to employees and directors should be appropriated amounted not lower to 3% and not higher to 5% of profit before tax without remuneration to employees and directors for the current year, respectively, after any accumulated deficit is offset against the current period profit, if any.

For the year ended December 31, 2016 and 2015, the Company estimated its employee remuneration amounted to $20,608 and $42,433, and directors' and supervisors' remuneration amounting to $10,304 and $21,216, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were recognized under operating costs or operating expenses during 2016 and 2015. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2016 and 2015.

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(19) Taxes

A. Income tax expense

The amount of income tax expense (benefit) for the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Current income tax expense (benefit):		
Current period	$ 143,413	130,114
10% surtax on undistributed earnings	14,445	26
Prior years income tax adjustment	(3,586)	(6,704)
	154,272	123,436
Deferred tax expense:		
Origination and reversal of temporary differences	(24,613)	(48,707)
Changes in deductible temporary difference without recognition	(258)	(3,081)
Recognition of previously unrecognized loss carry forward	12,391	20,144
	(12,480)	(31,644)
Income tax expense (benefit)	$ 141,792	91,792

The amount of tax income expense (benefit) recognized in other comprehensive income for the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences－foreign operations	$ (19,812)	(30)

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

	2016	2015
Profit before tax	$ 595,654	514,822
Tax rate according to the Group’s location	$ 101,261	87,520
Effect of difference in tax rate of foreign jurisdiction	62,552	19,456
Effect on income tax due to permanent difference		
Gain on domestic investment in equity-accounted investee	(46,211)	(28,288)
Prior years income tax adjustment	(3,586)	(6,704)
Others	1,198	2,719
Unrecognized loss carry forward	12,391	20,144
Changes in unrecognized temporary difference	(258)	(3,081)
10% surtax on undistributed earnings	14,445	26
Total	$ 141,792	91,792

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B. Deferred tax asset and liability

(a) Unrecognized deferred tax asset

	December 31, 2016	December 31, 2015
Deductible temporary difference	$ 4,590	4,848
Loss carry forward	50,304	37,913
	$ 54,894	42,761

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

As of December 31, 2016, the subsidiaries' estimated unused carry-forwards were as follows:

Company Name	Year of Occurrence	Unused amount	Expiry Year	Note
Enrich Tech	2014	$ 6,847	2024	Filing amount
Enrich Tech	2015	2,471	2025	Filing amount
Enrich Tech	2016	15,907	2026	Estimated filing amount
NTS	2014	3,218	-	Filing amount
NTS	2016	7,381	-	Estimated filing amount
NTM	2012	1,610	-	Filing amount
NTM	2013	971	-	Filing amount
NTM	2014	4,178	-	Filing amount
NTM	2015	4,713	-	Filing amount
NTM	2016	2,846	-	Estimated filing amount
NMI	2016	6,351	2021	Estimated filing amount
NTEC	2016	4,187	-	Estimated filing amount
Suzhou Winmax	2016	10,108	2021	Estimated filing amount
SCEC Suzhou	2013	6,434	2018	Filing amount
SCEC Suzhou	2014	16,283	2019	Filing amount
SCEC Suzhou	2015	14,902	2020	Filing amount
SCEC Suzhou	2016	6,042	2021	Estimated filing amount
Sheng Huei Shenzhen	2013	831	2018	Filing amount
Sheng Huei Shenzhen	2015	30,574	2020	Filing amount
Sheng Huei Shenzhen	2016	18,863	2021	Estimated filing amount
Sheng Huei Ding-Mao	2016	2,437	2021	Estimated filing amount
Sheng Huei	2014	89,962	2019	Filing amount

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Company Name	Year of Occurrence	Unused amount	Expiry Year	Note
Suzhou Sheng Huei	2015	1,002	2020	Filing amount
Suzhou Sheng Huei	2016	4,804	2021	Estimated filing amount
Suzhou SCEC Shanghai	2011	5,655	2016	Filing amount
SCEC Shanghai	2012	24,939	2017	Filing amount
SCEC Shanghai	2013	3,080	2018	Filing amount
SCEC Shanghai	2014	4,967	2019	Filing amount
SCEC Shanghai	2016	3,732	2021	Estimated filing amount
		$ 305,295		

(b) Recognized deferred tax asset and liabilities

Deferred tax asset:

	January 1, 2015	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2015	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2016
Warranty cost	$ 19,598	20,203	-	39,801	6,034	-	45,835
Loss on investment in foreign equity-accounted investee	4,829	3,305	-	8,134	1,603	-	9,737
Estimated construction loss	3,032	5,908	-	8,940	(307)	-	8,633
Loss carry forward	30,068	(10,534)	-	19,534	3,285	-	22,819
Allowance for decline in realizable value of inventory	3,555	(3,338)	-	217	1,643	-	1,860
Excessive provision of bad debt	26,580	6,197	-	32,777	25,182	-	57,959
Construction cost	17,213	24,038	-	41,251	(6,069)	-	35,182
Others	471	4,856	-	5,327	(2,466)	-	2,861
	$ 105,346	50,635	-	155,981	28,905	-	184,886

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Deferred tax liability:

	January 1, 2015	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2015	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2016
Gain on investment in foreign equity-accounted investee	$ 133,214	19,912	-	153,126	17,132	-	170,258
Foreign currency translation differences for foreign operations	21,718	-	(4,430)	17,288	-	(15,412)	1,876
Others	2,636	(921)	-	1,715	(707)	-	1,008
	$ 157,568	18,991	(4,430)	172,129	16,425	(15,412)	173,142

C. Income tax examination and approval

The income tax returns of the Company, Hersuo, Nova Tech and Enrich Tech, have been examined by the tax authorities through year 2014.

D. Integrated income tax information

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

	December 31, 2016	December 31, 2015
Unappropriated earnings in 1998 and after	$ 1,175,969	1,071,386
Balance of the Imputation Credit Account	$ 196,363	162,376

	2016(Estimated)	2015(Actual)
Creditable ratio for distributed to domestic shareholders of earnings	16.70%	22.22%

According to the amendment by the Ministry of Finance on October 17, 2013 under Decree No. 10204562810, the Company’s integrated income tax should be covering the disclosed information of imputation tax credit as above. For net dividends or earnings received by each individual shareholder residing in the territory of the Republic of China, the amount of imputation tax credit has been revised to half of the original amount. In addition, for the amount that actual paid from assessed 10% surtax of imputation tax credit came from net dividends or earnings received by each individual shareholder, half of the actual payment of 10% surtax on undistributed earnings can be offset against the income tax withheld.

(20) Earnings per share ("EPS")

	2016	2015
Profit attributable to common shareholders	$ 436,276	416,345
Weighted average number of common shares (In thousand shares)	46,187	46,136
Basic Earnings per share (In New Taiwan Dollars)	$ 9.45	9.02
Profit attributable to common shareholders	$ 436,276	416,345
Weighted average number of common shares (In thousand shares)	46,187	46,136
Add: effect on dilutive potential common stock		
Employee bonuses (In thousand shares)	296	509
Restricted stock to employees (In thousand shares) (Note)	757	-
Diluted weighted average number of common shares (In thousand shares)	47,240	46,645
Diluted Earnings per share (In New Taiwan Dollars)	$ 9.24	8.93

(21) Financial Instruments

A. Credit risk

(a) Exposure to credit risk

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

(b) Concentration of credit risk

As of December 31, 2016 and 2015, concentration of credit risk came from the Group's top customer is not more than 12% and 11% of the Group's receivables, respectively, while that came from the Group's other top four customers is not more than 20% and 21% of the Group's receivables, respectively.

B. Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2016						
Non-derivative financial liabilities						
Unsecured bank loans	$ 193,680	195,487	195,487	-	-	-
Notes payable	235,806	235,806	235,806	-	-	-
Accounts payable (including related parties)	2,319,768	2,319,768	2,020,616	160,533	138,614	5
	$ 2,749,254	2,751,061	2,451,909	160,533	138,614	5

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2015						
Non-derivative financial liabilities						
Unsecured bank loans	183,857	184,460	184,460	-	-	-
Notes payable	268,998	268,998	268,998	-	-	-
Accounts payable (including related parties)	2,540,036	2,540,036	2,329,968	129,682	80,374	12
	$ 2,992,891	2,993,494	2,783,426	129,682	80,374	12

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

C. Currency risk

(A) Exposure to currency risk

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

	December 31, 2016			December 31, 2015		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD	$ 46,898	32.279	1,513,806	22,264	33.066	736,181
CNY	224,458	4,6448	1,042,560	219,700	5.0921	1,118,736
SGD	1,667	22.3098	37,183	2,279	23.4195	53,370
JPY	27,029	0.2757	7,452	17,421	0.2747	4,785
Financial liabilities						
Monetary items						
USD	10,097	32.279	325,912	9,528	33.066	315,037
CNY	176,379	4.6448	819,246	159,398	5.0921	811,671
SGD	72	22.3098	1,614	213	23.4195	4,981
JPY	66,232	0.2757	18,260	117,994	0.2747	32,413

(B) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY, SGD and JPY as of December 31, 2016 and 2015 would have increased or decreased the after-tax net income by $14,360 and $7,490, respectively. The analysis is performed on the same basis for both periods.

(C) Exchange gains and losses of monetary items

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the year ended December 31, 2016 and 2015, the foreign exchange gain or loss, including both realized and unrealized, amounted to $1,883 and $17,203, respectively.

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D. Interest rate analysis

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

If the interest rate increases/decreases by 1%, the Group's net income will decrease/increase by $1,937 and $1,839 for the year ended December 31, 2016 and 2015, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

E. Fair value of financial instruments

(A) The kinds of financial instruments and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	December 31, 2016				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets -current	$ 202,046	202,046	-	-	202,046
Available-for-sale financial assets -noncurrent	3,960	3,960	-	-	3,960
Financial asset at cost (recognized as other non-current assets)	45	-	-	-	-
Loans and receivables					
Cash and cash equivalents	2,553,478	-	-	-	-
Notes receivable	95,956	-	-	-	-
Accounts receivable	2,350,980	-	-	-	-
Other receivables	30,082	-	-	-	-
Financial liabilities at amortized cost through Profit or loss					
Short-term loans	193,680	-	-	-	-
Notes payable	235,806	-	-	-	-
Accounts payable	2,084,077	-	-	-	-
Accounts payable-related parties	118	-	-	-	-
Provisions-current	235,573	-	-	-	-
	$ 7,985,801	206,006	-	-	206,006

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	December 31, 2015				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets -current	$ 211,765	211,765	-	-	211,765
Available-for-sale financial assets -noncurrent	15,221	15,221	-	-	15,221
Financial asset at cost (recognized as other non-current assets)	45	-	-	-	-
Loans and receivables					
Cash and cash equivalents	1,495,223	-	-	-	-
Notes receivable	245,882	-	-	-	-
Accounts receivable	2,496,791	-	-	-	-
Other receivables	36,402	-	-	-	-
Financial liabilities at amortized cost through Profit or loss					
Short-term loans	183,857	-	-	-	-
Notes payable	268,998	-	-	-	-
Accounts payable	2,346,595	-	-	-	-
Accounts payable-related parties	459	-	-	-	-
Provisions-current	192,982	-	-	-	-
	$ 7,494,220	226,986	-	-	226,986

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

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

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

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

There were no transfers from one level to another for the year ended December 31, 2016 and 2015.

(22) Financial risk management

A. Overview

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

(a) Credit risk

(b) Liquidity risk

(c) Market risk

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

B. Risk management framework

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

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

C. Credit risk

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

a. Accounts receivable

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

b. Investment

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

c. Guarantee

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

D. Liquidity risk

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

E. Market risk

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

a. Currency risk

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

b. Interest rate risk

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

(23) Capital management

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

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

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

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

		December 31, 2016	December 31, 2015
Total liabilities	$	5,503,427	5,122,390
Less: cash and cash equivalents		(2,553,478)	(1,495,223)
Net debt	$	2,949,949	3,627,167
Total equity		3,063,125	2,919,512
Total capital	**$**	**6,013,074**	**6,546,679**
Debt to capital ratio		**49.06%**	**55.40%**

Management believes that there were no changes in the Group's approach to capital management for the year ended December 31, 2016.

7. Related party transactions

(1) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Group.

(2) Key management personnel compensation

	2016	2015
Short-term employee benefits	$ 44,147	53,157
Post-employment benefits	233	252
Share based payments	14,679	6,484
	$ 59,059	**59,893**

For details of the related share based payments, please refer to Note 16.

(3) Other related party transactions

A. Construction revenue and related assets and liabilities:

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

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

	Sales		**Receivables from Related Parties**	
	2016	**2015**	**December 31, 2016**	**December 31, 2015**
Entity under the key management's control	**$ -**	**100**	**-**	**-**

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

B. Construction cost, and related assets and liabilities:

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

	Purchases		**Payables to Related Parties**	
	2016	**2015**	**December 31, 2016**	**December 31, 2015**
Entity under the key management's control	**$ 1,406**	**905**	**118**	**459**

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

8. Pledged assets

The Group's pledged assets were as follows:

Asset	Purpose of pledge	December 31, 2016	December 31, 2015
Other financial assets－current:			
Time deposit	Construction contract fulfillment and warranty guarantee	$ 71,133	71,847

9. Significant commitments and contingencies

Significant commitments and contingencies for the Group as of December 31, 2016, and 2015 were as follows:

(1) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $556,231 and $443,880, respectively.
(2) Bank pledges for engaging in construction contracts amounted to $923,107 and $528,542, respectively.
(3) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for the competitive corporations amounted to $564,828 and $730,813, respectively.
(4) Outstanding letters of credit were $0 and $2,811, respectively.
(5) For already-signed but not-yet-finished significant construction contracts, please refer to note 6 (4).
(6) The Company has signed a construction contract with Walsin Technology Corporation (Walsin) in December, 2010. Walsin claimed that the Company did not perform the construction according to the contract, and therefore claimed a compensation amounting to $42,189 at the Taipei District Court. The civil judgment of the first instance during December, 2016 has been pronounced by the Taipei District Court, requiring the Company pay $14,666 to Walsin, which has been fully recognized as loss by the Company. The Company has appealed to Taiwan High Court. As of December 31, 2016, the compensation remained $8,376 payable, and has been recognized as other current liabilities and accrued expenses.

(7) The Company's subsidiary, Nova Tech, contracted to constructions of gas factory expansion and new factory with Jing He Science Co., Ltd. (Jing He). For installation of process equipment and pipeline, Nova Tech was responsible for installing the process pipelines and purchasing process equipment according with the design layout or purchase order provided by Jing He. Hereafter, Jing He had changed the design layout which resulted in extra work. Nova Tech requested Jing He for additional contract payment. Jing He argued that the contract is a lump-sum contract. Therefore, Jing He refused any additional payment and terminated the contract unilaterally right before the construction completed. Nova Tech has sued Jing He for related contract payment. Nova Tech has appointed an attorney as an agent. The case has been in trial and the district court has appointed Taiwan Association of Construction and Development and Taiwan Professional Electrical Engineers Association to valuing the completed part of new factory building. Nova Tech and Jing He has provided supplement opinions for the preliminary valuation. Besides, the district court has appointed Taiwan Construction Research Institute to valuing the gas factory expansion construction. Up to the issuance date of this financial statements, Nova Tech was not able to predict the judgment of the court and amount of compensation. However, Nova Tech has appropriately recognized allowance for impairment of incurred construction cost in accordance with related accounting standards.

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

11. **Subsequent events: None.**

12. **Other**

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

	2016			2015		
By item	**Operating costs**	**Operating expense**	**Total**	**Operating costs**	**Operating expense**	**Total**
Employee benefit						
Salary	$ 519,596	303,081	822,677	545,141	295,060	840,201
Labor, health and social insurance	54,708	29,196	83,904	55,174	30,159	85,333
Pension	16,699	6,584	23,283	17,108	6,490	23,598
Other	16,747	17,612	34,359	15,691	18,224	33,915
Depreciation	2,145	18,940	21,085	3,232	21,069	24,301
Amortization	119	6,718	6,837	1	8,242	8,243

Note: Depreciation for investment property for the year ended December 31, 2016 and 2015 was $510 and $331, respectively, and was recorded in non-operating expense.

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13. **Segment information**

(1) General information

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

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

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

The Group uses the segmented net income from the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The Group has allocated income tax expense (benefit) or extraordinary gain or losses to reportable segments. In addition, profit or loss from all reportable segments includes significant non-cash items excluding depreciation and amortization. The reportable amount is similar to that in the report used by the chief operating decision maker.
The operating segment accounting policies are similar to the ones described in Note 4 “significant accounting policies”. The Group’s income from operating segment is measured by net income, and is referred to as the basis of performance evaluation.

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

2016	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 5,312,695	2,674,686	417,040	-	8,404,421
Intersegment revenues	51,357	15,462	-	(66,819)	-
Interest revenue	4,077	5,662	2,500	(3,165)	9,074
Total revenue	$ 5,368,129	2,695,810	419,540	(69,984)	8,413,495
Interest expense	(414)	(4,492)	(1,557)	3,210	(3,253)
Depreciation and amortization	(10,903)	(14,965)	(2,564)	-	(28,432)
Share of gain (loss) of associates accounted for using equity method	492,928	(8,052)	(78,431)	(406,679)	(234)
Reportable segment profit or loss	**277,478**	**130,061**	**47,470**	**(1,147)**	**453,862**
Asset:					
Investment accounted for using equity method	2,497,596	23,481	1,062,907	(3,583,107)	877
Capital expenditures of noncurrent assets	9,967	16,127	4,182	-	30,276
Reportable segment asset	**7,611,960**	**3,980,670**	**1,437,351**	**4,145,918**	**8,884,063**
Reportable segment liability	**3,163,015**	**2,705,156**	**154,684**	**(519,428)**	**5,503,427**

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

(3) Information about the products and services

Revenue from external customers was as follows:

	2016	**2015**
Electronic and mechanical construction services	$ 1,129,646	1,223,337
Clean room construction	3,717,823	3,513,468
Gas and chemical supply system engineering	1,299,243	1,378,552
Others	2,257,709	2,443,411
	$ 8,404,421	**8,558,768**

(4) Geographical information

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

Area	**2016**	**2015**
Revenue from external customers:		
Taiwan	$ 5,312,695	5,785,432
Mainland China	2,674,686	2,306,508
Other countries	417,040	466,828
	$ 8,404,421	**8,558,768**

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Area		December 31, 2016	December 31, 2015
Non-current assets:			
Taiwan	$	540,197	324,304
Mainland China		132,909	146,039
Other countries		4,627	5,074
	$	677,733	475,417

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

(5) Information on significant customers

As of December 31, 2016 and 2015, none of the sales to the Group's external single customer exceeds 10% of the total revenue.