Acter Co., Ltd. and Subsidiaries
Consolidated Financial Statements

September 30, 2017 and 2016
(With Independent Auditor's Review Thereon)

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Independent Auditors' Report

The Board of Directors
Acter Co., Ltd.:

We have reviewed the accompanying consolidated statements of financial position of Acter Co., Ltd. (the "Company") and subsidiaries as of September 30, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the nine months then ended September 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our review.

Except as discussed in the third and fourth paragraph, we conducted our reviews in accordance with Statement on Auditing Standard No. 36, "Engagement to Review Financial Statements". A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Included in the accompanying consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. The total assets of these subsidiaries amounted to NT$1,736,041 thousand and NT$1,566,404 thousand, representing 17% and 19% of the related consolidated total assets and the total liabilities amounted to NT$974,136 thousand and NT$701,722 thousand, representing 15% and 13% of the related consolidated liabilities as of September 30, 2017 and 2016, respectively. The total comprehensive income of these subsidiaries amounted to NT$49,983 thousand, NT$35,861 thousand, NT$151,595 thousand and NT87,254 thousand, representing 22% , 34%, 21% and 33% of the related consolidated comprehensive income for the three months ended September 30, 2017 and 2016, and for the nine months ended September 30, 2017 and 2016, respectively.

Except as described in the third paragraph, the financial statements of equity-accounted investee were not reviewed by independent accountants. Long-term investment in the company amounted to NT$809 thousand and NT$852 thousand as of September 30, 2017 and 2016, and the related investment loss amounted to NT$ 0 thousand and NT$ 74 thousand and NT$ 8 thousand and NT$ 235 thousand for the three months ended September 30, 2017 and 2016, and for the nine months ended September 30, 2017 and 2016.

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and the equity-accounted investee been reviewed as described in the preceding paragraphs, we are not aware of any material modifications that should be made to the consolidated financial statements referred to the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and guidelines of International Accounting Standards No. 34 "Interim Financial Reporting" which are endorsed by the Financial Supervisory Commission, Republic of China.

November 9, 2017

Note to Readers

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

Acter Co., Ltd. and Subsidiaries

Consolidated Statements of Financial Position

September 30, 2017, and 2016

(In Thousands of New Taiwan Dollars)

		September 30,2017		December 31,2016		September 30,2016	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and cash equivalents (Note 6(1)and (20))	$ 2,864,503	28	2,553,478	29	2,353,667	28
1125	Available-for-sale financial assets－current (Note 6(2) and (20))	189,120	2	202,046	2	207,608	3
1150	Notes receivable, net (Note 6(3)and (20))	144,581	1	95,956	1	68,338	1
1170	Accounts receivable, net (Note 6(3)and (20))	2,390,471	23	2,350,980	27	2,502,805	30
1190	Construction contracts receivable (Note 6(4))	1,487,785	15	904,016	10	1,028,310	12
1200	Other receivables (Note 6(3)and (20))	40,281	-	30,082	-	34,723	-
1220	Current income tax assets	6,260	-	5,008	-	4,315	-
1310	Inventories, net (Note 6(5))	1,498,389	15	1,193,997	13	925,571	11
1476	Other financial assets－current (Note 8)	248,600	2	167,513	2	179,538	2
1479	Other current assets	551,529	5	503,803	6	380,803	5
		9,421,519	91	8,006,879	90	7,685,678	92
	Non-current assets:						
1523	Available-for-sale financial assets－noncurrent (Note 6(2) and (20))	3,812	-	3,960	-	5,225	-
1550	Investment accounted for using equity method	809	-	877	-	852	-
1600	Property, plant and equipment (Note 6(8))	396,451	4	374,530	4	375,366	5
1760	Investment property, net(Note 6(9))	246,363	3	248,228	3	30,289	-
1840	Deferred tax assets	164,573	2	184,886	2	195,582	3
1985	Long-term prepaid rents	34,617	-	35,910	1	36,574	-
1990	Other non-current assets (Note 6(2))	36,110	-	28,793	-	30,326	-
		882,735	9	877,184	10	674,214	8
	Total Assets	$ 10,304,254	100	8,884,063	100	8,359,892	100

		September 30,2017		December 31,2016		September 30,2016	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:						
2100	Short-term loans (Note 6(11) and (20))	$ 595,839	6	193,680	2	306,203	4
2150	Notes payable (Note 6(20))	161,962	1	235,806	3	250,087	3
2170	Accounts payable (Note 6(20))	2,479,527	24	2,084,077	23	1,987,654	24
2180	Payables to related parties (Note 6(20) and 7)	347	-	118	-	438	-
2190	Construction contracts payable (Note 6(4))	688,518	7	1,028,078	12	890,751	11
2201	Accrued salaries and bonuses	191,613	2	213,790	2	176,900	2
2230	Current tax liabilities	68,130	1	66,075	1	61,839	1
2250	Provisions－current (Note 6(10) and (20))	331,070	3	235,573	3	229,340	3
2311	Advance sales receipts(Note 6(12))	1,679,179	16	1,055,346	12	960,906	11
2399	Other current liabilities(Note 9)	172,333	2	177,028	2	181,544	1
		6,368,518	62	5,289,571	60	5,045,662	60
	Non-current liabilities:						
2570	Deferred tax liabilities	217,984	2	173,142	2	164,408	2
2640	Accrued pension liabilities	39,358	-	40,400	-	33,991	-
2645	Guarantee deposit received	314	-	314	-	144	-
		257,656	2	213,856	2	198,543	2
	Total Liabilities	6,626,174	64	5,503,427	62	5,244,205	62
	Equity Attributable to Shareholders of the parent company(Note 6(14))**:**						
3100	Common stock	471,529	5	472,369	5	473,079	6
3200	Capital surplus	1,065,671	10	1,071,656	12	1,045,229	13
3300	Retained earnings	1,856,102	18	1,597,951	18	1,492,083	18
3400	Other equity interest	(74,854)	(1)	(78,851)	(1)	(74,017)	(1)
	Total Equity attributable to the parent of company	3,318,448	32	3,063,125	34	2,936,374	36
36xx	**Non-controlling interests**(Note 6(6))	359,632	4	317,511	4	179,313	2
	Total Equity	3,678,080	36	3,380,636	38	3,115,687	38
	Total Liabilities And Equity	$ 10,304,254	100	8,884,063	100	8,359,892	100

Acter Co., Ltd. and Subsidiaries
Consolidated Statements Of Comprehensive Income
For The Three Months Ended September 30, 2017 And 2016 and For The Nine Months Ended September 30, 2017 And 2016
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)
Reviewed, not audited

		For the Three Months Ended September 30				For the Nine Months Ended September 30			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenues:								
4521	Construction revenue (Note 6(4))	$ 2,272,431	84	1,636,950	62	6,965,021	82	5,131,062	77
4529	Less: allowances	(2,010)	-	(10,575)	-	(4,631)	-	(19,948)	-
		2,270,421	84	1,626,375	62	6,960,390	82	5,111,114	77
4110	Sales	431,011	16	1,017,614	38	1,405,951	17	1,467,014	22
4800	Other operating revenue	5,550	-	6,164	-	50,580	1	56,674	1
4000		2,706,982	100	2,650,153	100	8,416,921	100	6,634,802	100
	Operating cost (Note 6(13)and(17)):								
5520	Construction cost (Note 7)	1,936,115	72	1,446,340	55	5,890,469	70	4,505,980	68
5110	Cost of goods sold (Note 6(5))	327,030	12	799,887	30	1,039,009	12	1,115,424	16
5800	Other operating cost	293	-	-	-	424	-	-	-
		2,263,438	84	2,246,227	85	6,929,902	82	5,621,404	84
	Gross profit	443,544	16	403,926	15	1,487,019	18	1,013,398	16
	Operating expenses (Note 6(13)and(17)):								
6100	Selling	28,984	1	26,172	1	69,920	1	77,157	1
6200	General and administrative	105,959	4	153,017	6	358,858	4	416,022	6
6300	Research and development	23,074	1	38,139	1	51,170	1	58,635	1
		158,017	6	217,328	8	479,948	6	551,814	8
	Operating income	285,527	10	186,598	7	1,007,071	12	461,584	8
	Non-operating income and expenses:								
7050	Finance costs	(3,848)	-	(526)	-	(5,550)	-	(1,642)	-
7010	Other income (Note 6(16))	3,226	-	2,852	-	11,339	-	14,310	-
7060	Share of loss of associates accounted for using equity method	-	-	(74)	-	(8)	-	(235)	-
7020	Other gains and losses, net (Note 6(16))	(11,914)	(1)	(9,250)	-	(64,962)	(1)	(44,237)	(1)
		(12,536)	(1)	(6,998)	-	(59,181)	(1)	(31,804)	(1)
7900	**Profit before tax**	272,991	9	179,600	7	947,890	11	429,780	7
7950	**Income tax expense** (Note 6(18))	61,813	2	37,591	1	219,793	3	95,585	1
	Profit for the year	**211,178**	**7**	**142,009**	**6**	**728,097**	**8**	**334,195**	**6**
8300	**Other comprehensive income, net of tax:**								
8360	**Actuarial gain (loss) from defined benefit plans**								
8361	Foreign currency translation differences－foreign operations	18,623	1	(43,221)	(2)	(23,259)	-	(101,046)	(2)
8362	Net change in fair value of available-for-sale financial assets	(693)	-	(1,578)	-	2,241	-	12,219	-
8399	Income tax related to components of other comprehensive income(Note 6(18))	(2,732)	-	7,236	-	3,607	-	16,941	-
8300	**Other comprehensive income, net**	15,198	1	(37,563)	(2)	(17,411)	-	(71,886)	(2)
8500	**Comprehensive income**	$ **226,376**	**8**	**104,446**	**4**	**710,686**	**8**	**262,309**	**4**
	Profit attributable to ：								
8610	Shareholders of the parent	$ 185,325	6	136,942	6	636,046	7	324,365	6
8620	Non-controlling interests	25,853	1	5,067	-	92,051	1	9,830	-
		$ **211,178**	**7**	**142,009**	**6**	**728,097**	**8**	**334,195**	**6**
	Comprehensive income attributable to ：								
8710	Shareholders of the parent	$ 197,972	7	100,031	4	620,675	7	253,871	4
8720	Non-controlling interests	28,404	1	4,415	-	90,011	1	8,438	-
		$ **226,376**	**8**	**104,446**	**4**	**710,686**	**8**	**262,309**	**4**
	Earnings per share ((attributable to shareholders of the parent)) (Note 6(19))								
9750	**Basic earnings per share**	$ **3.99**		**2.96**		**13.73**		**7.02**	
9850	**Diluted earnings per share**	$ **3.90**		**2.92**		**13.38**		**6.90**	

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Changes In equity
For The Nine Months Ended September 30, 2017 And 2016
(Expressed in Thousands of New Taiwan Dollars)
Reviewed, not audited

	Attributable to Shareholders of the Parent											
			Retained earnings				Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation adjustments	Unrealized on gains (losses) available-for -sale financial assets	Others	Total	Non-controlling interests	Total Equity
Balance, January 1, 2016	$ 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												
Legal reserves	-	-	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	-	(8,809)	-	-	-	-	-	-	-	-	-	(8,809)
Capital surplus－difference between consideration and carrying amount of subsidiaries acquired or disposed	-	27,151	-	-	-	-	-	-	-	-	-	27,151
Issuance of restricted shares of stock to employees	6,920	48,412	-	-	-	-	-	-	(26,668)	(26,668)	-	28,664
Comprehensive income for the nine months ended September 30,2016												
Profit for the period	-	-	-	-	324,365	324,365	-	-	-	-	9,830	334,195
Other comprehensive income for the period	-	-	-	-	-	-	(82,713)	12,219	-	(70,494)	(1,392)	(71,886)
Total comprehensive income	-	-	-	-	324,365	324,365	(82,713)	12,219	-	(70,494)	8,438	262,309
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	26,570	26,570
Balance, September 30, 2016	**$ 473,079**	**1,045,229**	**385,094**	**36,888**	**1,070,101**	**1,492,083**	**(24,140)**	**(2,364)**	**47,513)**	**(74,017)**	**179,313**	**3,115,687**
Balance, January 1, 2017	$ 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
Appropriation and distribution of retained earnings												
Legal reserves	-	-	43,628	-	(43,628)	-	-	-	-	-	-	-
Special surplus reserves	-	-	-	7,164	(7,164)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(377,895)	(377,895)	-	-	-	-	-	(377,895)
	472,369	1,071,656	428,722	44,052	747,282	1,220,056	(38,155)	(5,898)	(34,798)	(78,851)	317,511	3,002,741
Issuance of restricted shares of stock to employees	(840)	(5,985)	-	-	-	-	-	-	19,368	19,368	-	12,543
Comprehensive income for the nine months ended September 30,2017												
Profit for the period	-	-	-	-	636,046	636,046	-	-	-	-	92,051	728,097
Other comprehensive income for the period	-	-	-	-	-	-	(17,612)	2,241	-	(15,371)	(2,040)	(17,411)
Total comprehensive income	-	-	-	-	636,046	636,046	(17,612)	2,241	-	(15,371)	90,011	710,686
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(47,890)	(47,890)
Balance, September 30, 2017	**$ 471,529**	**1,065,671**	**428,722**	**44,052**	**1,383,328**	**1,856,102**	**(55,767)**	**(3,657)**	**(15,430)**	**(74,854)**	**359,632**	**3,678,080**

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Cash Flows

For The Nine Months Ended September 30, 2017 And 2016

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the nine months Ended September 30	
	2017	**2016**
Cash flows from operating activities:		
Profit before tax	$ 947,890	429,780
Adjustments:		
Items with no cash flow		
Depreciation(Including investment property)	16,532	16,432
Amortization	4,025	5,487
Provision (reversal of provision) for bad debt expense	(29,429)	103,883
Compensation cost arising from employee stock options	12,543	28,665
Share of loss of associates accounted for using equity method	8	235
Loss (gain) on disposal of investments	(1,580)	15,630
Other	(1,767)	(635)
Total adjustments to reconcile profit	332	169,697
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	(48,625)	177,544
Increase in accounts receivable	(12,121)	(95,947)
Decrease (increase) in construction contracts receivable	(583,769)	391,570
Decrease (increase) in inventories	(304,392)	225,070
Increase in other financial assets	(132,020)	(114,395)
	(1,080,927)	583,842
Changes in operating liabilities		
Decrease in notes payable	(73,844)	(18,911)
Increase (decrease) in accounts payable	491,678	(313,938)
Increase (decrease) in construction contracts payable	(339,560)	350,783
Increase (decrease) in Advance sales receipts	623,833	(14,104)
Increase (decrease) in Other current liabilities	(29,335)	5,611
	672,772	9,441
Total adjustments	(407,823)	762,980
Cash inflow (outflow) generated from operations	540,067	1,192,760
Interest received	11,927	5,924
Interest paid	(4,864)	(1,787)
Income taxes paid	(152,190)	(131,445)
Net cash generated by (used in) ope rating activities	394,940	1,065,452
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(74,000)	(40,174)
Proceeds from disposal of available-for-sale financial assets	87,628	50,044
Acquisition of property, plant and equipment	(38,614)	(20,235)
Proceeds from disposal of property, plant and equipment	261	2,682
Decrease (increase) in other non-current assets	(11,667)	12,912
Net cash used in investing activities	(36,392)	5,229
Cash flows from financing activities:		
Increase in short-term loans	596,703	217,046
Repayments of short-term loans	(184,999)	(82,981)
Decrease in guarantee deposit	-	(108)
Cashing dividends	(377,895)	(284,015)
Change in non-controlling interests	(47,890)	26,570
Net cash used in financing activities	(14,081)	(123,488)
Effect of exchange rate changes on cash and cash equivalents	(33,442)	(88,749)
Net increase in cash and cash equivalents	311,025	858,444
Cash and cash equivalents at beginning of period	2,553,478	1,495,223
Cash and cash equivalents at end of period	**$ 2,864,503**	**2,353,667**

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2017 and 2016
(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 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 September 30, 2017 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 (2). 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 statement for the years ended September 30, 2017 and 2016 was assented to the audit committee over half of all members and authorized for issuance by the Board of Directors on November 9, 2017.

3. New standards and interpretations dopted

(1) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group conforms to the IFRSs which were issued by the International Accounting Standards Board (IASB) and were endorsed by the FSC on January 1, 2017 in preparing the financial statements. The related new standards, interpretations and amendments are as follows:

New standards and amendments	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.

(2) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

New standards and amendments	Effective date per IASB
Amendment to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
Amendments to IFRS 4 " Insurance Contracts"(“Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”)	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	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 IAS 40, Transfers of Investment Property	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
Amendment to IFRS 1 and Amendment to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(a) IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “Financial Instruments: Recognition and Measurement” which contains classification and measurement of financial instruments, impairment and hedge accounting. The actual impact of adopting IFRS 9 on the Group’s consolidated financial statements in 2018 can only be determined and reliably estimated depending on the financial instruments that the Group holds and economic conditions at that time, as well as the accounting elections and judgments that it will make in the future. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments. However, the Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 based on its positions at September 30, 2017 and hedging relationships designated under during the first nine months of 2017 under IAS 39.

i. Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

At September 30, 2017, the Group had equity investments classified as available-for-sale financial assets-current with a fair value of $189,120. If these investments continue to be held for the same purpose at initial application of IFRS 9, the Group may elect then to classify them as FVTPL. All fair value gains and losses would be recognized in profit or loss as they arise, increasing volatility in the Group's profits.

At September 30, 2017, the Group had equity investments classified as available-for-sale financial assets-noncurrent with a fair value of $3,812 that is held for long-term strategic purposes. If these investments continue to be held for the same purpose at initial application of IFRS 9, the Group may elect then to classify them as FVOCI. All fair value gains and losses would be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses would be reclassified to profit or loss on disposal.

ii. Impairment-Financial assets and contact assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.The Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 and believes there were no significant impact.

iii. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group's preliminary assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

iv. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at 1 January 2018.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

(b) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”.

i. Construction contracts

Contract revenue currently 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. When a claim or variation is recognized, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date. Under IFRS 15, claims and variations will be included in the contract accounting when they are approved. The Group has performed an initial assessment on previous contract modifications and does not expect that there will be a significant impact on its consolidated financial statements.

ii. Sales of goods

Revenue is currently recognized when the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. The Group has performed an initial assessment and indicated that the related risks and rewards of ownership transfer has similar point with control transfer. The Group does not expect that there will be a significant impact on its consolidated financial statements.

iii. Transition

The Group plans to adopt IFRS 15 in its consolidated financial statements using the cumulative effect approach and not to restate comparative information for prior periods. Differences in the carrying amounts of cumulative effect resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at 1 January 2018. The Group plans to use the practical expedients for completed contracts. This means that completed contracts at the beginning of the earliest period presented, are not restated.

The Group is currently performing a detailed assessment of the impact resulting from the application of IFRS 15, which may result in an increase in revenue, as of September 30, 2017 and expects to disclose additional quantitative information before it adopts IFRS 15.

(c) Amendments to IAS 7 “Disclosure Initiative”

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC. As of the end of reporting date is as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019
IFRS 17 **“**Insurance Contracts”	January 1, 2021
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019

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

Issuance / Release Dates	**Standards or Interpretations**	**Content of amendment**
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**

(1) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 Interim Financial Reporting which are endorsed by FSC and do not include all of the information required for annual financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2016. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2016.

(2) Basis of consolidation

Except as described Note (3(1)) is excluded), the same principles of consolidation have been applied in the Group financial statements as those applied in the Group financial statements for the year ended December 31, 2016. The relative information refers to Note 4 (3) of the Group financial statements for the year ended December 31, 2016.

A. List of subsidiaries in the consolidated financial statements

Investor	Subsidiary	Nature of business	Shareholding ratio		
			2017.9.30	**2016.12.31**	**2016.9.30**
(a)The Company	Nova Technology Corp. (Nova Tech) (Note 1)	Wholesaling of electronic and chemical equipment	73.06	73.06	83.55
	HerSuo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100%	100%	100%
	Enrich Tech Co., Ltd(Enrich)	Comprehensive construction company	60%	60%	60%
	Sheng Huei International Co., Ltd. (Sheng Huei International)	Investment Holding company	100%	100%	100%
	Nova Technology Singapore Pte., Ltd. (NTS)	Investment Holding company	100%	100%	100%
(b) Nova Tech	Winmax Technology(Shanghai) Corp.(Winmax)	Design and manufacture of air containers and liquid containers	100%	100%	100%
	Winmega Technology Corp.(Winmega)	Wholesaling of electronic and chemical equipments	100%	100%	100%
	Suzhou Winmax Technology Corp Corp(Winmax) (Note 2)	Design and manufacture of air containers and liquid containers	100%	100%	100%
	Novatech Engineering & Construction Pte.,Ltd.(NTEC) (Note3)	Chemical supply system	100%	100%	100%
(c) Sheng Huei International	Sheng Huei (Suzhou) Engineering Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%
	Acter International Ltd. (Acter International)	Holding company and trading of clean rooms and air conditioners	100%	100%	100%
	New Point Group Ltd. (New Point)	Holding company and trading of clean rooms and air conditioners	100%	100%	100%
	Sheng Huei Engineering Technology Co., Ltd.	Set-up of electronic protection systems and central air conditioners	100%	100%	100%
(d) NTS	Nova Technology Malaysia Sdn. Bhd.(NTM)	Investment Holding company	100%	100%	100%
	Novamex Indonesia, PT. (NMI) (Note 4)	Equipment trading and set-up	100%	100%	100%
	Acter Engineering Co. Ltd.(Acter Engineering) (Note 5)	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%
(e) Sheng Huei (Suzhou) Enginering Co., Ltd.	Shenzhen Ding –Mao Trade Co., Ltd.	Electronic equipment and machinery trading	100%	100%	100%
	SCEC (Suzhou) Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	57.81%	57.81%	57.81%
	SCEC (Shanghai) Corporation (SCEC Shanghai)	Wholesale, import and export of equipment and commission agent	57.81%	57.81%	57.81%
(f) Acter International	Sheng Huei (Shenzhen) Engineering Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%
(g) New Point	Zhangjiagang Free Trade Zone Fuyu Internation Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100%	100%	100%

Note 1: 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 2: Nova Tech established Suzhou Winmax in June, 2016.

Note 3: Nova Tech established Novatech Engineering & Construction Pte.,Ltd. in August, 2016.

Note 4: The ownership consists of 99% from NTS and 1% from NTM.

Note 5: The ownership consists of 99% from NTS and 1% from SHI.

B. Subsidiaries excluded from consolidation: None.

(3) Income Taxes

The preparation of the consolidated interim financial statements in conformity with IAS 34 "Interim financial reporting" paragraph B12 measurement and disclosure of income tax expense for the interim period.

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This is recognized and allocated to current and deferred taxes proportionately.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation, and recognized directly in equity or other comprehensive income as tax expense.

(4) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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

The preparation of the consolidated interim financial statements in conformity with IAS 34 "Interim financial reporting" approved by 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.

In preparation of the consolidated interim financial statements, the major source of significant judgments and estimates of uncertainty made by the Company's management during the adoption of the Company's accounting policy is expected to be in alignment with the refer to Note 5 of the Group financial statements for the year ended December 31, 2016.

6. Significant account disclosure

The significant accounting policies presented in the quarter consolidated financial statements is the same with the 2016 consolidated financial statements,the related information, please refer to Note 6 of the Group financial statements for the year ended December 31, 2016.

(1) Cash and cash equivalents

	September 30, 2017	December 31, 2016	September 30, 2016
Petty cash and cash on hand	$ 2,476	1,396	2,998
Checking and demand deposits	1,479,321	1,626,616	1,527,696
Time deposits	865,878	496,046	418,411
Cash equivalent – repurchased commercial paper	516,828	429,420	404,562
	$ 2,864,503	2,553,478	2,353,667

The above-mentioned repurchased commercial paper rate as of September 30, 2017, December 31, 2016 and September 30, 2016 were 0.38%~0.41%, 0.32%~0.55% and 0.32%~0.85%, respectively, and they mature from October 3 to November 13, 2017, from January 4 to February 3, 2017 and from October 3 to December 28, 2016, respectively.

(2) Investment in financial assets

	September 30, 2017	December 31, 2016	September 30, 2016
Current:			
Available-for-sale financial assets			
Beneficiary securities － open-end funds	$ 189,120	202,046	207,608
Non-current:			
Available-for-sale financial assets			
Holy Stone Healthcare Co., Ltd.	3,812	3,960	5,225
Financial assets carried at cost			
Taichung International Entertainment Co., Ltd.	45	45	45
	$ 192,977	206,051	212,878

A. The Group had sold the available-for-sale financial assets Xantia Corporation Co., Ltd. amounted to $1,714, write off the amount $14,363 cumulative loss under other comprehensive income and the loss on disposal of investments was amounted to $17,932. The related amount had been collected before March 31, 2016.The loss on disposal of investments, please refer to Note 6(16).

B. The aforesaid financial assets were not pledged.

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

	September 30, 2017	December 31, 2016	September 30, 2016
Notes receivable	$ 144,581	95,956	68,338
Accounts receivable	2,617,648	2,605,527	2,765,765
Less: Allowance for impairment	(227,177)	(254,547)	(262,960)
	$ 2,535,052	2,446,936	2,571,143
Other receivables	53,967	51,355	42,053
Less: Allowance for impairment	(13,686)	(21,273)	(7,330)
Total	$ 2,575,333	2,477,018	2,605,866

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

	September 30, 2017	December 31, 2016	September 30, 2016
Past due 1day to 120 days	$ 227,223	245,178	280,288
Past due 121days to 180 days	44,300	39,881	108,608
Past due 181days to 360 days	8,886	120,012	101,604
Past due 361days to 540 days	14,656	4,385	30,149
	$ 295,065	409,456	520,649

A. Accounts receivable includes retained construction receivable, which amounted to $31,165, $87,706 and $87,542 as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively.

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

C. Impairment loss is the difference between the carrying amount and the amount expected to be collected. The movement in the allowance for impairment with respect to notes and accounts receivable and other receivables for the nine months ended September 30, 2017 and 2016 were as follows:

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	For the nine months ended September 30	
	2017	2016
Balance, January 1	$ 275,820	183,920
Impairment loss recognized	(29,429)	103,883
Effect of exchange rate changes	(5,528)	(17,513)
Balance, September 30	$ 240,863	270,290

(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.

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Construction revenue recognized in the periods	$ 2,270,421	1,626,375	6,960,390	5,111,114

B. Construction-in-progress

	September 30, 2017	December 31, 2016	September 30, 2016
Accumulated construction costs incurred (including contract costs that relate to future activity)	$ 9,864,833	9,026,757	8,976,596
Add: Accumulated construction profit and losses	747,351	327,635	290,577
	10,612,184	9,354,392	9,267,173
Less: Progress billings	(9,812,917)	(9,478,454)	(9,129,614)
Construction contracts receivable(net)	$ 799,267	(124,062)	137,559
Construction contracts receivable presented as an asset	$ 1,487,785	904,016	1,028,310
Construction contracts payable presented as a liability	(688,518)	(1,028,078)	(890,751)
	$ 799,267	(124,062)	137,559
Accumulated advance received	$ 31,226	6,057	24,264

(5) Inventories

	September 30, 2017	December 31, 2016	September 30, 2016
Finished goods and merchandise	$ 435,656	398,579	166,655
Work in process and semi-finished goods	852,634	726,967	679,095
Raw materials	222,859	80,221	89,858
	1,511,149	1,205,767	935,608
Less: provision for inventory devaluation	(12,760)	(11,770)	(10,037)
	$ 1,498,389	1,193,997	925,571

For the three months ended September 30, 2017 and 2016 and for the nine months ended September 30, 2017 and 2016, the Group wrote down an operating cost of $805, $2,277, $990 and $7,028 respectively, from the write-down of inventory cost to net realizable value.

The inventories are not pledged for the year ended of September 30, 2017, December 31, 2016 and September 30, 2016.

(6) Acquisition of subsidiaries and non-controlling interests

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%.

(7) 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	September 30, 2017	December 31, 2016	September 30, 2016
Nova Tech	R.O.C.	26.94%	26.94%	16.45%
Enrich Tech	R.O.C.	40%	40%	40%
SCEC Shanghai	China	42.19%	42.19%	42.19%
SCEC Suzhou	China	42.19%	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:

	September 30,2017	December 31,2016	September 30,2016
Current assets	$ 1,644,234	1,494,559	1,184,403
Non-current assets	906,350	740,861	731,618
Current liabilities	(1,263,055)	(1,089,135)	(935,598)
Non-current liabilities	(106,884)	(80,667)	(78,581)
Net assets	$ 1,180,645	1,065,618	901,842
Non-controlling interest	$ 318,067	287,079	148,370

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Operating revenue	$ 257,488	305,019	976,786	977,598
Net income for the period	82,136	108,960	299,320	223,501
Other comprehensive income	8,628	(16,674)	(6,526)	(40,829)
Comprehensive income	$ 90,764	92,286	292,794	182,672
Net income attributable to non-controlling interest	$ 22,127	5,650	80,636	20,072
Comprehensive income attributable to non-controlling interest	$ 24,452	4,785	78,879	16,661
Cash flows from operating activities			$ 207,040	341,328
Cash flows from investing activities			18,082	(57,838)
Cash flows from financing activities			49,047	24,300
Net increase in cash and cash equivalents			$ 274,169	307,790

B. Information regarding of Enrich Tech:

	September 30,2017	December 31,2016	September 30,2016
Current assets	$ 187,832	116,881	56,331
Non-current assets	1,657	755	761
Current liabilities	(122,454)	(79,505)	(17,680)
Net assets	$ 67,035	38,131	39,412
Non-controlling interest	$ 26,814	15,252	15,765

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Operating revenue	$ 139,364	1,491	356,728	33,613
Net income for the period	9,499	(6,162)	28,904	(14,691)
Other comprehensive income	-	-	-	-
Comprehensive income	$ 9,499	(6,162)	28,904	(14,691)
Net income attributable to non-controlling interest	$ 3,800	(2,465)	11,562	(5,877)
Comprehensive income attributable to non-controlling interest	$ 3,800	(2,465)	11,562	(5,877)
Cash flows from operating activities			$ 41,014	(10,848)
Cash flows from investing activities			(1,191)	(6)
Cash flows from financing activities			-	-
Net increase (decrease) in cash and cash equivalents			$ 39,823	(10,854)

C. Information regarding of SCEC Shanghai:

	September 30,2017	December 31,2016	September 30,2016
Current assets	$ 23,446	24,869	26,104
Non-current assets	-	-	-
Current liabilities	-	(1,051)	(2,187)
Net assets	$ 23,446	23,818	23,917
Non-controlling interest	$ 9,892	10,049	10,090

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Operating revenue	$ -	3,349	-	3,349
Net income for the period	44	6,572	65	(3,997)
Other comprehensive income	-	-	-	-
Comprehensive income	$ 44	6,572	65	(3,997)
Net income attributable to non-controlling interest	$ 19	2,773	28	(1,686)
Comprehensive income attributable to non-controlling interest	$ 171	2,773	(157)	(1,686)
Cash flows from operating activities			$ 18,323	(217)
Cash flows from investing activities			-	117
Cash flows from financing activities			-	-
Effect of exchange rate changes			199	(273)
Net increase (decrease) in cash and cash equivalents			$ 18,522	(373)

D. Information regarding of SCEC Suzhou:

	September 30,2017	December 31,2016	September 30,2016
Current assets	$ 11,516	12,666	17,437
Non-current assets	-	-	-
Current liabilities	-	(504)	(5,380)
Net assets	$ 11,516	12,162	12,057
Non-controlling interest	$ 4,859	5,131	5,087

	For the three months ended September 30		For the nine months ended September 30	
	2017	2016	2017	2016
Operating revenue	$ -	(120)	-	5,181
Net income for the period	$ (221)	(2,112)	(415)	(6,352)
Other comprehensive income	-	-	-	-
Comprehensive income	$ (221)	(2,112)	(415)	(6,352)
Net income attributable to non-controlling interest	$ (93)	(891)	(175)	(2,680)
Comprehensive income attributable to non-controlling interest	$ (19)	(891)	(273)	(2,680)
Cash flows from operating activities			$ (902)	(331)
Cash flows from investing activities			-	6
Cash flows from financing activities			-	-
Effect of exchange rate changes			(248)	(729)
Net increase (decrease) in cash and cash equivalents			$ (1,150)	(1,054)

(8) Property, plant and equipment

	Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Book values:					
Balance on January 1, 2017	$ 183,187	142,780	44,170	4,393	374,530
Balance on September 30, 2017	$ 183,187	136,870	44,875	31,519	396,451
Balance on January 1, 2016	$ 183,187	155,478	40,269	1,420	380,354
Balance on September 30, 2016	$ 183,187	145,147	42,866	4,166	375,366

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2017 and 2016. Information on amortization for the period is discussed in Note 12(1). Please refer to Note 6(9) of the 2016 annual consolidated financial statements for other related information.

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

(9) Investment Property

	Land	Building and construction	Other facilities	Total
Book values:				
Balance on January 1, 2017	$ 139,922	108,291	15	248,228
Balance on September 30, 2017	$ 139,922	106,427	14	246,363
Balance on January 1, 2016	$ 20,937	9,585	15	30,537
Balance on September 30, 2016	$ 20,937	9,338	14	30,289

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the nine months ended September 30, 2017 and 2016. Information on amortization for the period is discussed in Note 12(1). Please refer to Note 6(10) of the 2016 annual consolidated financial statements for other related information.

The fair value of investment property was no significant different from 2016 annual consolidated financial statements. Please refer to Note 6(10) of the 2016 annual consolidated financial statements for related information.

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 Chung Cheng land district, Taichung, for self-use or lease purposes, and the lease began in 2007. As of September 30, 2017, the future receivable for the Group is as follows:

Term	Amount
2017.10.01~2019.05.19	$ 620

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

(10) Provisions

The 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.

	September 30, 2017	December 31, 2016	September 30, 2016
Provisions	$ 331,070	235,573	229,340

(11) Short-term loans

	September 30, 2017	December 31, 2016	September 30, 2016
Unsecured bank loans	$ 595,839	193,680	306,203
Secured bank loans	-	-	-
	$ 595,839	193,680	306,203
Unused facilities	$ 4,521,653	2,238,288	1,788,872
Interest Rate	1.18%~4.79%	1.80%~2.5%	1.09%~1.80%

A. Issues and Repayments of Short-term loans

For the nine months ended September 30, 2017 and 2016, the issues amounted to $596,703 and $217,046 and the repayment amounted to $184,999 and $82,981. The short-term loans are due in June, 2018 and 2017.

B. Assets pledged for bank loans

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

(12) Advance sales receipts

Construction No.	September 30, 2017	December 31, 2016	September 30, 2016
N3XXXXC204	$ 240,560	-	-
W3-XXC162X	229,111	-	-
N3XXXXC195	205,835	-	-
W3-XXC143X	197,190	-	-
WS-XXC001X	93,479	-	-
W3-XXC060X	85,929	-	-
W3-XXC001X	-	174,261	176,425
W3-XXC002X	-	111,581	112,967
W3-XXC053X	-	75,946	76,890
W3-XXC092	67,024	54,626	55,305
W3-XXC080	-	77,447	55,231
W3-XXC121X	-	64,827	-
N3XXC123	-	62,000	-
Others(less than 5%)	560,051	434,658	484,088
	$ 1,679,179	1,055,346	960,906

(13) Employee benefits

A. Defined benefit plans

Due to there are no significant market volatility, significant reduction, settlement or other significant one-time items after the end of previous financial year, the Group adopts the actuarial decision cost on December 31, 2016 and 2015 to measure and disclose pension cost during the period.

The Group's pension expenses recognized in profit or loss were as follows:

	For the three months ended September 30		**For the nine months ended September 30**	
	2017	**2016**	**2017**	**2016**
Operating cost	$ 32	39	100	115
Operating expense	89	159	262	453
	$ 121	**198**	**362**	**568**

B. Defined contribution plans

The Group's pension expenses recognized in profit or loss were as follows:

	For the three months ended September 30		**For the nine months ended September 30**	
	2017	**2016**	**2017**	**2016**
Operating cost	$ 4,103	4,080	11,987	12,293
Operating expense	1,487	1,486	4,633	4,794
	$ 5,590	**5,566**	**16,620**	**17,087**

The company, HerSuo Engineering, Nova Tech, Enrich and Winmega have deposited the retirement amount to Bureau of Labor and the overseas subsidiaries have deposited the retirement amount to local social insurance institutes base on the local regulation.

(14) Capital and other equity

Except as described below, no significant changes in the Group capital and other equity for the nine months ended September 30, 2017 and 2016. The related information, please refer to Note 6(15) of the Group financial statements for the year ended December 31, 2016.

A. Issuance of common stock

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 on 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, November 8, 2016, and May 11, 2017, the Company's board of directors approved to write off restricted stock to employees 28,000 shares,71,000 shares and 84,000 shares, respectively. The record date of capital reduction were June 8, 2016, November 15, 2016, and June 1, 2017, respectively. The company had finished the capital reduction registration.

B. Capital surplus

The components of the capital surplus were as follows:

		September 30, 2017	December 31, 2016	September 30, 2016
From issuance of common stock	$	919,074	903,124	903,124
Difference between consideration and carrying amount of subsidiaries acquired or disposed		30,382	30,382	27,151
From changes in equity of associates and joint venture accounted for under equity method		66,495	66,495	38,267
From issurance of restricted stocks for employees		49,720	71,655	76,687
	$	1,065,671	1,071,656	1,045,229

i. The company issued 720,000 restricted stocks to employee at closing price $80 on January 11, 2016, with an increase in capital surplus amounting to $50,400. The restricted stocks are available for employees at the price of $0 per share. 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.

ii. The company repurchased 9.7% of Nova Tech shares in July, 2016, with and an decrease in capital surplus amounting to $8,809. The company sold 2.3% and 11.26% of Nova Tech shares on June 30 and September 30, 2016 with a decrease and increase in capital surplus amounting to $245 and $27,396, respectively.

iii. On May 11, 2017, employees met the vesting conditions and lifted the restriction of 224,000 shares of restricted stocks, resulting premium on common stock amounted to $15,950 and decreasing capital surplus amounted to $15,950. The Company wrote off 84,000 shares of restricted stock. The effective date is on June 1, 2017 and decreasing capital surplus amounted to $5,985.

The above transactions generated capital surplus amounting to $5,985 and $66,754 for the nine months ended September 30, 2017 and 2016.

C. Retained earnings

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

On May 26, 2017 and May 31, 2016, the meeting of stockholders of Acter approved the distribution plan of retained earnings. Information about dividends per share, employees’ bonuses and directors' remuneration for 2016 and 2015 are as follows:

	2016	2015
Dividends per share (In New Taiwan Dollars):		
Cash	$ 8.00	6.00

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

D. Other equity interest

	Foreign currency translation differences for foreign operations	Investment in available-for-sale financial assets	Other equity-unrealized bonus	Total
Balance, January1, 2017	$ (38,155)	(5,898)	(34,798)	(78,851)
Foreign currency translation differences (net of tax):				
The Group	(17,612)	-	-	(17,612)
Unrealized gains(losses) on available-for-sale financial assets:				
The Group	-	2,241	-	2,241
Employee's unrealized bonus:				
The Group	-	-	19,368	19,368
Balance, September 30, 2017	**$ (55,767)**	**(3,657)**	**(15,430)**	**(74,854)**
Balance, January1, 2016	$ 58,573	(14,583)	(20,845)	23,145
Foreign currency translation differences (net of tax):				
The Group	(82,713)	-	-	(82,713)
Unrealized gains(losses) on available-for-sale financial assets:				
The Group	-	12,219	-	12,219
Employee's unrealized bonus:				
The Group	-	-	(26,668)	(26,668)
Balance, September 30, 2016	**$ (24,140)**	**(2,364)**	**(47,513)**	**(74,017)**

(15) The share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to September 30, 2017 and 2016. For the related information, please refer to Note 6(16) of the consolidated financial statements for the year ended December 31, 2016.

The Group's share-based payment transactions on September 30, 2017 are as follow:

	Restricted stocks for employees	Restricted stocks for employees
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	The Company's employees who have formal employment relationship with the Company and serve as

	supervisors above manager level related to business operation	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%

Information on restricted stock to employee was as follows：

(Expressed in thousand unit)	For the nine months ended September 30, 2017		For the nine months ended September 30, 2016	
	Weighted-Average Exercise Price	**Number of Exercisable Shares**	**Weighted-Average Exercise Price**	**Number of Exercisable Shares**
Balance, beginning of the period	-	1,011	-	480
Granted	-	-	-	720
Forfeited	-	(84)	-	(28)
Exercised	-	(224)	-	(90)
Expired	-	-	-	-
Balance, September 30 of the period		**703**		**1,082**

(16) Non-operating income and expenses

a. Other revenue

	For the three months ended September 30		For the nine months ended September 30	
	2017	**2016**	**2017**	**2016**
Interest income	$ 4,160	1,754	11,331	5,587
Rental income	929	358	2,179	1,061
Others	(1,863)	740	(2,171)	7,662
	$ 3,226	**2,852**	**11,339**	**14,310**

b. Other income and losses

	For the three months ended September 30		For the nine months ended September 30	
	2017	**2016**	**2017**	**2016**
Exchange gain(loss) on foreign currency	$ (12,528)	(10,542)	(65,678)	(26,071)
Gain on disposal of investment	1,196	1,221	1,580	(15,630)
Others	(582)	71	(864)	(2,536)
	$ (11,914)	**(9,250)**	**(64,962)**	**(44,237)**

(17) Employees’ and directors’ remuneration

According to the Company’s articles, 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.

The employee bonuses estimated amount $19,225 , $6,042 , $46,731 and $15,174 for the three months ended September 30, 2017 and 2016, for the nine months ended September 30, 2017 and 2016, respectively, and the remuneration to directors estimated amount $6,863 , $3,021 , $23,366 and $7,587 for the three months ended September 30, 2017 and 2016, for the nine months ended September 30, 2017 and 2016, respectively. The employee bonuses and remuneration to directors were estimated based on the net profit before tax of each period times the percentage in accordance with above mentioned earnings distribution policy, and accounted for the operating cost and operating expenses of each period. If there is an adjustment between actual distribution and estimation of the aforementioned employee bonuses and remuneration to directors, the adjustment would reflect to the profit and loss next year.

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. There is no different between estimation and paid. The information is available on the Market Observation Post System website.

(18) Taxes

The Group income tax expense (benefit):

	For the three months ended September 30		For the nine months ended September 30	
	2017	**2016**	**2017**	**2016**
Current income tax expense (benefit):				
Current period	$ 42,024	27,025	151,011	126,336
Deferred tax expense:				
Origination and reversal of temporary difference	19,789	10,566	68,782	(30,751)
Income tax expense (benefit)	**$ 61,813**	**37,591**	**219,793**	**95,585**

The amounts of tax income expense recognized in other comprehensive income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2017	**2016**	**2017**	**2016**
Foreign currency translation differences－foreign operations	**$ (2,732)**	**7,236**	**3,607**	**16,941**

The income tax returns of the Company, Hersuo, Nova Technology, Winmega and Enrich Tech have been examined by the tax authorities through year 2015.

The company’s integrated income tax was as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Undistributed earnings after 1998	**$ 1,383,328**	**1,175,969**	**1,070,100**
Balane of Imputation Credit Account	**$ 155,752**	**196,363**	**165,665**

	2016 (Actual)	2015(Actual)
Creditable ratio for distributed to domestic shareholdsers of earnings	20.84%	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.

(19) Earnings per share ("EPS")

	For the three months ended September 30		For the nine months ended September 30	
	2017	**2016**	**2017**	**2016**
Profit attributable to common shareholders	$ 185,325	136,942	636,046	324,365
Weighted average number of common shares (In thousand shares)	46,450	46,225	46,326	46,174
Basic Earnings per share (In New Taiwan Dollars)	$ 3.99	2.96	13.73	7.02
Profit attributable to common shareholders	$ 185,325	136,942	636,046	324,365
Weighted average number of common shares (In thousand shares)	46,450	46,225	46,326	46,174
Add: effect on potential common stock				
－employee bonuses (In thousand shares)	110	78	306	282
restricted stocks for employees (In thousand shares)	903	606	916	586
Diluted weighted average number of common shares (In thousand shares)	47,463	46,909	47,548	47,042
Diluted Earnings per share (In New Taiwan Dollars)	$ 3.90	2.92	13.38	6.90

(20) Financial Instruments

Except as described below, there are no significant changes on the fair value of financial instruments and the financial instruments exposed to credit risk, liquidity risk and market risk, please refer to Note 6(21) of the Group's financial statements for the year ended December 31, 2016.

A. Credit risk

As of September 30, 2017, December 31 and September 30, 2016, concentration of credit risk came from the Group's major client are not more than 6%, 12% and 10% of the Group's receivables, respectively, while that came from the Group's other four major clients are not more than 18%, 20% and 17% of the Group's receivables, respectively.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payment and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
September 30, 2017						
Non-derivative financial liabilities						
Unsecured bank loans	$ 595,839	596,363	596,363	-	-	-
Notes payable	161,962	161,962	161,962	-	-	-
Accounts payable and Provision (including related parties)	2,810,944	2,810,944	2,482,861	199,789	128,289	5
	$ 3,568,745	**3,569,269**	**3,241,186**	**199,789**	**128,289**	**5**
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 and Provision (including related parties)	2,319,768	2,319,768	2,020,616	160,553	138,614	5
	$ 2,749,254	**2,571,061**	**2,451,909**	**160,533**	**138,614**	**5**
September 30, 2016						
Non-derivative financial liabilities						
Unsecured bank loans	$ 306,203	306,366	306,366	-	-	-
Notes payable	250,087	250,087	250,087	-	-	-
Accounts payable and Provision (including related parties)	2,217,432	2,217,432	1,927,053	122,603	167,771	5
	$ 2,773,722	**2,773,885**	**2,483,506**	**122,603**	**167,771**	**5**

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

C. Market risk

(A) Currency risk

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

	September 30, 2017			**December 31, 2016**			**September 30, 2016**		
	Foreign Currency	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
Financial assets									
Monetary items									
USD	$ 67,010	30.305	2,030,741	46,896	32.279	1,513,806	43,643	31.366	1,368,894
CNY	241,096	4.5592	1,099,207	224,458	4.6448	1,042,560	262,466	4.7025	1,234,248
SGD	1,673	22.3192	37,349	1,667	22.3098	37,183	2,076	22.9687	47,690
JPY	544	0.2695	147	27,029	0.2757	7,432	1,191	0.3109	370
Financial liabilities									
Monetary items									
USD	13,577	30.305	411,447	10,097	32.279	325,912	10,211	31.366	320,268
CNY	230,965	4.5592	1,053,013	176,379	4.6448	819,246	163,233	4.7025	767,602
SGD	125	22.3192	2,799	72	22.3098	1,614	254	22.9687	5,844
JPY	6,723	0.2695	1,812	66,232	0.2757	18,260	197,913	0.3109	61,531

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 September 30, 2017 and 2016 would have increased or decreased the after-tax net income by $16,984 and $14,958 respectively. The analysis is performed on the same basis for both periods.

Due to the Group has various functional currencies, thus adopting disclose monetary items to display exchange gain or loss. Exchange gain or loss for the nine months ended September 30, 2017 and 2016, respectively, including unrealized and realized, were ($65,678) and ($26,071).

(B) Interest risk

The interest risk exposure from financial assets and liabilities has been disclosed in the 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 or decreases by 1%, the Group's net income will decrease or increase by $5,958 and $3,062 for the nine months ended September 30, 2017 and 2016, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

(C) Other price risk

If the price of equity securities on reporting date changed (The analysis is performed on the same basis for both periods and assumed that the other factors are fixed), the effects of other comprehensive income items are as following:

	2017 Q3		2016 Q3	
Reporting date Security Price	**Other comprehensive income After-tax amount**	**Post-tax Profit or loss**	**Other comprehensive income After-tax amount**	**Post-tax Profit or loss**
Go up 3%	$ 5,788	-	6,385	-
Go down 3%	$ 5,788	-	6,385	-

D. Fair value of financial instruments

(A) The kinds of financial instruments and fair value

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	September 30 ,2017				
	Book value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets-current	$ 189,120	189,120	-	-	189,120
Available-for-sale financial assets-noncurrent	3,812	3,812	-	-	3,812
Financial assets carried at cost	45	-	-	-	-
Loans and receivables:					
Cash and cash equivalents	2,864,503	-	-	-	-
Notes receivable	144,581	-	-	-	-
Accounts receivable	2,390,471	-	-	-	-
Other receivable	40,281	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	595,839	-	-	-	-
Notes payable	161,962	-	-	-	-
Accounts payable	2,479,527	-	-	-	-
Accounts payable-related party	347	-	-	-	-
Provisions-current	331,070	-	-	-	-
Total	$ 9,201,558	192,932	-	-	192,932

	December 31 ,2016				
	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 assets carried at cost	45	-	-	-	-
Loans and receivables:					
Cash and cash equivalents	2,553,478	-	-	-	-
Notes receivable	95,956	-	-	-	-
Accounts receivable	2,350,980	-	-	-	-
Other receivable	30,082	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	193,680	-	-	-	-
Notes payable	235,806	-	-	-	-
Accounts payable	2,084,077	-	-	-	-
Accounts payable-related party	118	-	-	-	-
Provisions-current	235,573	-	-	-	-
Total	$ 7,983,801	206,006	-	-	206,006

	September 30 ,2016				
	Book value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets-current	$ 207,608	207,608	-	-	207,608
Available-for-sale financial assets-noncurrent	5,225	5,225	-	-	5,225
Financial assets carried at cost	45	-	-	-	-
Loans and receivables:					
Cash and cash equivalents	2,353,667	-	-	-	-
Notes receivable	68,338	-	-	-	-
Accounts receivable	2,502,805	-	-	-	-
Other receivable	34,723	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	306,203	-	-	-	-
Notes payable	250,087	-	-	-	-
Accounts payable	1,987,654	-	-	-	-
Accounts payable-related party	438	-	-	-	-
Provisions-current	229,340	-	-	-	-
Total	$ 7,946,133	212,833	-	-	212,833

(B) Valuation techniques for 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 nonactive 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: beneficiarysecurities－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 nine months ended September 30, 2017 and 2016.

(21) Financial risk management

There are no significant changes on the Group financial risk management objectives and policies disclosure, please refer to Note 6(22) of the Group financial statements for the year ended December 31, 2016.

(22) Capital management

Disclosure of the Company's capital management objectives, policies and procedures consists with the consolidated financial statements of 2016; There are no significant changes to summary quantitative data for capital management disclosed of the consolidated financial statements of 2016. Please refer to Note 6(23) of the Group financial statements for the year ended December 31, 2016.

7. Related party transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	**Relationship with the Group**
Johnwell Co., Ltd	Key management with significant influence

(2) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30		**For the nine months ended September 30**	
	2017	**2016**	**2017**	**2016**
Short-term employee benefits	$ 14,780	12,234	49,857	33,745
Post-employment benefits	81	55	228	179
Share-based payment	1,954	3,858	6,273	10,836
	$ 16,815	**16,147**	**56,358**	**44,760**

Relative information refers to share-based payment of the financial statements, Note 6(15).

(3) Other related party transactions

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		
	For the three months ended September 30		For the nine months ended September 30		September 30, 2017	December 31, 2016	September 30, 2016
	2017	2016	2017	2016			
Entity under the key management's control	$ 208	406	1,220	1,304	347	118	438

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	September 30, 2017	December 31, 2016	September 30, 2016
Other financial assets－current:				
Savings deposit / time deposit	Construction contract fulfillment and warranty guarantee	$ 69,500	71,133	64,552

9. Significant commitments and contingencies

Significant commitments and contingencies for the Group as of September 30, 2017, December 31, 2016 and September 30, 2016 were as follows:

(1) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $555,696 and $556,231 as well as $588,166, respectively.

(2) Bank pledges for engaging in construction contracts amounted to $740,576, $923,107 and $520,551, respectively.

(3) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for other companies in the same industry amounted to $445,347, $564,828 and $555,596, respectively.

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

(5) The Company has signed a construction contract with Walsin Technology Corporation (Walsin) in December, 2010. Walsin claimed that the Company did not perform the construction according to the contract, and therefore claimed a compensation amounting to $42,189 at the Taipei District Court. The civil judgment of the first instance during December, 2015 has been pronounced by the Taipei District Court, requiring the Company pay $14,666 to Walsin, which has been fully recognized as loss by the Company. The Company has appealed to Taiwan High Court and entrust Architects Association to verify the project been performed status. As of September 30, 2017, the compensation remained $8,376 payable, and has been recognized as other current liabilities and accrued expenses.

(6) 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 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 and waiting for the valuation report. Besides, the district court has appointed Taiwan Construction Research Institute to valuate the gas factory expansion construction and the Research Institute requests both parties to provide supplememnt documents. 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. Nova Tech estimated the maximum loss to the financial statements amounting to $70,000.

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:

	For the three months ended September 30					
	2017			2016		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salary	148,274	111,488	259,762	154,718	85,316	240,034
Labor, health and social insurance	13,734	4,356	18,090	12,188	9,559	21,747
Pension	4,135	1,576	5,711	4,119	1,645	5,764
Other	4,847	4,305	9,152	4,520	4,622	9,142
Depreciation	767	4,329	5,096	521	4,439	4,960
Amortization	61	1,414	1,475	29	1,329	1,358

	For the nine months ended September 30					
	2017			2016		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salary	431,102	279,705	710,807	409,324	231,447	640,771
Labor, health and social insurance	41,730	22,267	63,997	40,902	22,851	63,753
Pension	12,087	4,895	16,982	12,408	5,247	17,655
Other	12,905	12,733	25,638	12,424	13,468	25,892
Depreciation	2,081	12,586	14,667	1,454	14,730	16,184
Amortization	61	3,964	4,025	51	5,436	5,487

Note: Depreciation for investment property for the nine months ended September 30, 2017 and 2016 were $1,865 and $248, respectively, and were recorded in non-operating expense.

B. Operation of seasonal:

The Group did not be influenced by seasonal or periodicity.

13. **Segment information**

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

For the three months ended September 30, 2017	**Taiwan**	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenue from external customers	$ 1,481,096	1,035,023	190,863	-	2,706,982
Intersegment revenues	5,709	867	-	(6,576)	-
	$ 1,486,805	1,035,890	190,863	(6,576)	2,706,982
Reportable segment profit or loss	**$ 129,932**	**73,002**	**12,224**	**(3,980)**	**211,178**

For the three months ended September 30, 2016	**Taiwan**	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenue from external customers	$ 1,253,409	1,244,865	151,879	-	2,650,153
Intersegment revenues	767	11,772	-	(12,539)	-
	$ 1,254,176	1,256,637	151,879	(12,539)	2,650,153
Reportable segment profit or loss	**$ 47,098**	**79,306**	**15,605**	**-**	**142,009**

For the nine months ended September 30, 2017	**Taiwan**	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenue from external customers	$ 5,002,376	2,955,722	458,823	-	8,416,921
Intersegment revenues	55,272	151,027	-	(206,299)	-
	$ 5,057,648	**3,106,749**	**458,823**	**(206,299)**	**8,416,921**
Reportable segment profit or loss	**$ 443,235**	**236,064**	**49,666**	**(868)**	**728,097**

For the nine months ended September 30, 2016	**Taiwan**	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenue from external customers	$ 4,149,861	2,149,596	335,345	-	6,634,802
Intersegment revenues	45,992	15,699	-	(61,691)	-
	$ 4,195,853	**2,165,295**	**335,345**	**(61,691)**	**6,634,802**
Reportable segment profit or loss	**$ 232,447**	**87,433**	**14,315**	**-**	**334,195**

	Taiwan	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Reportable segment Assets					
September 30, 2017	**$8,267,317**	**4,800,545**	**1,714,232**	**(4,477,840)**	**10,304,254**
December 31, 2016	**$7,611,960**	**3,980,670**	**1,437,351**	**(4,145,918)**	**8,884,063**
September 30, 2016	**$4,140,803**	**3,906,282**	**1,438,033**	**(1,125,226)**	**8,359,892**
Reportable segment Liabilities					
September 30, 2017	**$3,415,352**	**3,308,530**	**273,875**	**(371,583)**	**6,626,174**
December 31, 2016	**$3,163,015**	**2,705,156**	**154,684**	**(519,428)**	**5,503,427**
September 30, 2016	**$2,780,751**	**2,656,326**	**266,627**	**(459,499)**	**5,244,205**