

**MARKETECH INTERNATIONAL CORP.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT  
ACCOUNTANTS  
SEPTEMBER 30, 2019 AND 2018**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Marketech International Corp.

***Introduction***

We have reviewed the accompanying consolidated balance sheets of Marketech International Corp. and subsidiaries (the “Group”) as at September 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

***Scope of Review***

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

***Basis for Qualified Conclusion***

As explained in Notes 4(3) and 6(6), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets (including investments accounted for using equity method) of NT\$1,049,531 thousand and NT\$998,986 thousand, constituting 6% and 5% of the consolidated total assets, and total liabilities of NT\$231,860 thousand and NT\$232,370 thousand, both constituting 2% of the consolidated total liabilities as at September 30, 2019 and 2018, respectively, and total comprehensive income (loss) of (NT\$35,805) thousand, (NT\$42,846) thousand, (NT\$157,244) thousand and (NT\$58,924) thousand, constituting (23%), (17%), (31%) and (9%) of the consolidated total comprehensive income for the three

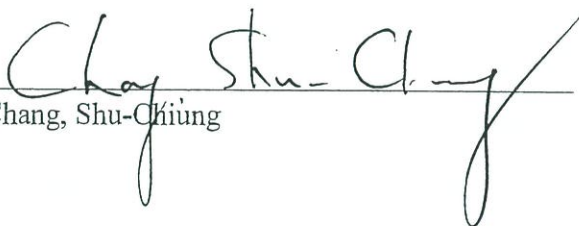


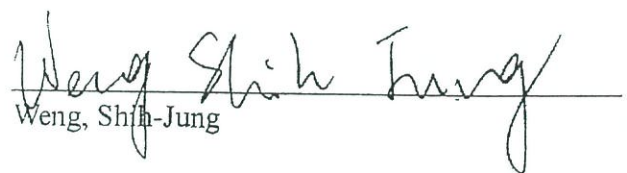
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months and nine months then ended, respectively. These amounts were based solely on the unreviewed financial statements of these companies as of September 30, 2019 and 2018.

### *Qualified Conclusion*

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2019 and 2018, and of its consolidated financial performance for the three months and nine months then ended, and its consolidated cash flows for the nine months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

  
Chang, Shu-Chiung

  
Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 4, 2019

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

Assets	Notes	September 30, 2019		December 31, 2018		September 30, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 2,073,971	11	\$ 2,155,357	12	\$ 1,800,769	10
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		44,724	-	90,944	1	44,772	-
1140	Current contract assets	6(18)	4,098,624	22	4,229,541	23	4,822,152	26
1150	Notes receivable, net	6(3)	220,863	1	95,991	1	101,568	1
1170	Accounts receivable, net	6(3)	4,325,634	23	4,151,194	23	4,095,279	22
1180	Accounts receivable - related	7						
	parties, net		190,878	1	109,476	1	275	-
1200	Other receivables		20,746	-	21,586	-	63,944	-
130X	Inventories, net	6(4)	3,141,735	17	3,800,814	21	3,743,113	21
1410	Prepayments	6(5)	446,391	3	421,951	2	495,071	3
1470	Other current assets	8	247,281	1	192,067	1	266,738	1
11XX	<b>Total current assets</b>		<u>14,810,847</u>	<u>79</u>	<u>15,268,921</u>	<u>85</u>	<u>15,433,681</u>	<u>84</u>
<b>Non-current assets</b>								
1510	Financial assets at fair value	6(2)						
	through profit or loss - non-							
	current		507,524	3	415,468	2	419,830	2
1550	Investments accounted for	6(6)						
	using equity method		77,703	-	63,078	-	58,597	-
1600	Property, plant and equipment,	6(7), 7 and						
	net	8	2,248,951	12	2,231,933	12	2,172,351	12
1755	Right-of-use assets	6(8)	978,087	5	-	-	-	-
1780	Intangible assets	7	15,906	-	19,441	-	21,088	-
1840	Deferred tax assets		141,374	1	149,061	1	134,070	1
1900	Other non-current assets	6(2)	68,934	-	80,304	-	99,827	1
15XX	<b>Total non-current assets</b>		<u>4,038,479</u>	<u>21</u>	<u>2,959,285</u>	<u>15</u>	<u>2,905,763</u>	<u>16</u>
1XXX	<b>Total Assets</b>		<u>\$ 18,849,326</u>	<u>100</u>	<u>\$ 18,228,206</u>	<u>100</u>	<u>\$ 18,339,444</u>	<u>100</u>

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**MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2019 and 2018 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2019		December 31, 2018		September 30, 2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(9) and 8	\$ 3,609,580	19	\$ 2,635,425	15	\$ 2,972,412	16
2130	Current contract liabilities	6(18)	2,976,781	16	3,320,466	18	3,065,677	17
2150	Notes payable		986,360	5	1,030,485	6	1,036,278	6
2160	Notes payable to related parties	7	5,447	-	13,674	-	8,812	-
2170	Accounts payable		3,738,532	20	4,306,179	24	4,572,551	25
2180	Accounts payable to related parties	7	8,133	-	14,120	-	8,692	-
2200	Other payables	6(10)	378,248	2	588,941	3	536,929	3
2230	Current tax liabilities		60,535	-	124,087	1	78,783	-
2280	Current lease liabilities		107,462	1	-	-	-	-
2310	Advance receipts		31,965	-	28,545	-	21,503	-
2320	Long-term liabilities, current portion	6(11)	-	-	11,766	-	46,164	-
2399	Other current liabilities		16,411	-	49,707	-	52,933	-
21XX	<b>Total current liabilities</b>		<u>11,919,454</u>	<u>63</u>	<u>12,123,395</u>	<u>67</u>	<u>12,400,734</u>	<u>67</u>
<b>Non-current liabilities</b>								
2540	Long-term borrowings	6(12)	200,000	1	200,000	1	200,000	1
2570	Deferred tax liabilities		17,938	-	835	-	3,069	-
2580	Non-current lease liabilities		838,642	5	-	-	-	-
2640	Accrued pension liabilities		160,025	1	161,957	1	152,465	1
2670	Other non-current liabilities	6(6)	4,971	-	4,716	-	4,200	-
25XX	<b>Total non-current liabilities</b>		<u>1,221,576</u>	<u>7</u>	<u>367,508</u>	<u>2</u>	<u>359,734</u>	<u>2</u>
2XXX	<b>Total Liabilities</b>		<u>13,141,030</u>	<u>70</u>	<u>12,490,903</u>	<u>69</u>	<u>12,760,468</u>	<u>69</u>
<b>Equity</b>								
<b>Share capital</b>								
3110	Ordinary shares	6(15)	1,866,700	10	1,855,913	10	1,840,971	10
<b>Capital surplus</b>								
3200	Capital surplus	6(14)(16)	981,839	5	970,381	5	948,099	5
<b>Retained earnings</b>								
3310	Legal reserve	6(17)	771,326	4	692,068	4	692,068	4
3320	Special reserve		92,239	1	92,239	1	92,239	1
3350	Unappropriated retained earnings		2,098,661	11	2,197,064	12	2,130,271	12
<b>Other equity interest</b>								
3400	Other equity interest		(152,207)	(1)	(140,931)	(1)	(152,706)	(1)
31XX	<b>Total equity attributable to owners of parent</b>		<u>5,658,558</u>	<u>30</u>	<u>5,666,734</u>	<u>31</u>	<u>5,550,942</u>	<u>31</u>
36XX	<b>Non-controlling interests</b>	4(3)	<u>49,738</u>	<u>-</u>	<u>70,569</u>	<u>-</u>	<u>28,034</u>	<u>-</u>
3XXX	<b>Total Equity</b>		<u>5,708,296</u>	<u>30</u>	<u>5,737,303</u>	<u>31</u>	<u>5,578,976</u>	<u>31</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>								
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 18,849,326</u>	<u>100</u>	<u>\$ 18,228,206</u>	<u>100</u>	<u>\$ 18,339,444</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.



MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except earnings per share)  
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2019		2018		2019		2018	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 <b>Operating Revenue</b>	6(18) and 7	\$ 5,937,758	100	\$ 6,382,277	100	\$ 17,544,084	100	\$ 18,356,300	100
5000 <b>Operating Costs</b>	6(4)(20) and 7	( 5,226,551)	( 88)	( 5,554,560)	( 87)	( 15,674,585)	( 89)	( 16,105,660)	( 88)
5900 <b>Gross Profit</b>		<u>711,207</u>	<u>12</u>	<u>827,717</u>	<u>13</u>	<u>1,869,499</u>	<u>11</u>	<u>2,250,640</u>	<u>12</u>
<b>Operating Expenses</b>	6(20)								
6100 Sales and marketing expenses		( 159,159)	( 3)	( 149,309)	( 2)	( 474,029)	( 3)	( 421,869)	( 2)
6200 General and administrative expenses		( 216,591)	( 4)	( 223,240)	( 3)	( 629,641)	( 3)	( 627,356)	( 3)
6300 Research and development expenses		( 56,571)	( 1)	( 57,562)	( 1)	( 167,505)	( 1)	( 173,667)	( 1)
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	( 30,033)	( 1)	( 42,436)	( 1)	( 12,868)	-	( 225,765)	( 1)
6000 <b>Total operating expenses</b>		( 462,354)	( 9)	( 472,547)	( 7)	( 1,284,043)	( 7)	( 1,448,657)	( 7)
6900 <b>Operating Profit</b>		<u>248,853</u>	<u>3</u>	<u>355,170</u>	<u>6</u>	<u>585,456</u>	<u>4</u>	<u>801,983</u>	<u>5</u>
<b>Non-operating Income and Expenses</b>									
7010 Other income		30,594	1	24,941	-	87,254	-	62,387	-
7020 Other gains and losses	6(2)(19)	( 3,689)	-	4,556	-	80,175	-	86,723	-
7050 Finance costs		( 20,180)	-	( 17,985)	-	( 64,891)	-	( 46,631)	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method		( 85)	-	( 7,369)	-	2,750	-	( 4,782)	-
7000 <b>Total non-operating income and expenses</b>		<u>6,640</u>	<u>1</u>	<u>4,143</u>	<u>-</u>	<u>105,288</u>	<u>-</u>	<u>97,697</u>	<u>-</u>
7900 <b>Profit before Income Tax</b>		<u>255,493</u>	<u>4</u>	<u>359,313</u>	<u>6</u>	<u>690,744</u>	<u>4</u>	<u>899,680</u>	<u>5</u>
7950 Income tax expense	6(21)	( 68,776)	( 1)	( 66,830)	( 1)	( 175,140)	( 1)	( 186,569)	( 1)
8200 <b>Net Income</b>		<u>\$ 186,717</u>	<u>3</u>	<u>\$ 292,483</u>	<u>5</u>	<u>\$ 515,604</u>	<u>3</u>	<u>\$ 713,111</u>	<u>4</u>

(Continued)

**MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Expressed in thousands of New Taiwan dollars, except earnings per share)  
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30				
		2019		2018		2019		2018		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Other Comprehensive Income</b>										
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>										
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	\$ -	-	\$ -	-	\$ -	-	\$ 772	-
8310	<b>Other comprehensive income that will not be reclassified to profit or loss</b>		-	-	-	-	-	-	772	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>										
8361	Exchange differences on translation of foreign operations		( 41,820)	-	( 73,958)	-	( 14,463)	-	( 67,043)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		( 100)	-	218	-	( 185)	-	283	-
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(21)	8,293	-	14,631	-	2,819	-	16,945	-
8360	<b>Other comprehensive loss that will be reclassified to profit or loss</b>		( 33,627)	-	( 59,109)	-	( 11,829)	-	( 49,815)	-
8300	<b>Other comprehensive loss, net of tax</b>		( \$ 33,627)	-	( \$ 59,109)	-	( \$ 11,829)	-	( \$ 49,043)	-
8500	<b>Total Comprehensive Income</b>		\$ 153,090	3	\$ 233,374	5	\$ 503,775	3	\$ 664,068	4
<b>Profit (loss) attributable to:</b>										
8610	Owners of the parent		\$ 196,960	3	\$ 295,437	5	\$ 537,629	3	\$ 721,416	4
8620	Non-controlling interests		( 10,243)	-	( 2,954)	-	( 22,025)	-	( 8,305)	-
	<b>Total</b>		\$ 186,717	3	\$ 292,483	5	\$ 515,604	3	\$ 713,111	4
<b>Comprehensive income (loss) attributable to:</b>										
8710	Owners of the parent		\$ 163,790	3	\$ 236,913	5	\$ 526,353	3	\$ 673,140	4
8720	Non-controlling interests		( 10,700)	-	( 3,539)	-	( 22,578)	-	( 9,072)	-
	<b>Total</b>		\$ 153,090	3	\$ 233,374	5	\$ 503,775	3	\$ 664,068	4
9750	<b>Basic earnings per share</b>	6(22)	\$ 1.06		\$ 1.65		\$ 2.89		\$ 4.04	
9850	<b>Diluted earnings per share</b>	6(22)	\$ 1.05		\$ 1.58		\$ 2.85		\$ 3.84	

The accompanying notes are an integral part of these consolidated financial statements.

**MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	Equity attributable to owners of the parent										
		Capital Reserves			Retained Earnings			Other Equity Interest		Total	Non-controlling interests	Total equity
		Share capital - ordinary shares	Share premium	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statement translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets			
<b>Nine months ended September 30, 2018</b>												
Balance at January 1, 2018		\$ 1,770,164	\$ 822,905	\$ 20,152	\$ 626,773	\$ 92,239	\$ 1,893,389	(\$ 103,658)	\$ 23,013	\$ 5,144,977	(\$ 975)	\$ 5,144,002
Effect of retrospective application and retrospective restatement		-	-	-	-	-	19,315	-	(23,013)	(3,698)	205	(3,493)
Balance at January 1, 2018 after restatement		1,770,164	822,905	20,152	626,773	92,239	1,912,704	(103,658)	-	5,141,279	(770)	5,140,509
Profit (loss) for the period		-	-	-	-	-	721,416	-	-	721,416	(8,305)	713,111
Other comprehensive income (loss) for the period		-	-	-	-	-	772	(49,048)	-	(48,276)	(767)	(49,043)
Total comprehensive income (loss) for the period		-	-	-	-	-	722,188	(49,048)	-	673,140	(9,072)	664,068
Appropriations and distribution of 2017 retained earnings:	6(17)											
Legal reserve		-	-	-	65,295	-	(65,295)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(442,541)	-	-	(442,541)	-	(442,541)
Share-based payment	6(14)(15)(16)	9,197	11,425	(2,917)	-	-	-	-	-	17,705	-	17,705
Changes in equity of associates and joint ventures accounted for using equity method	6(16)	-	-	2,000	-	-	3,215	-	-	5,215	-	5,215
Conversion of convertible bonds	6(15)(16)(24)	61,610	101,264	(6,730)	-	-	-	-	-	156,144	-	156,144
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	37,876	37,876
Balance at September 30, 2018		<u>\$ 1,840,971</u>	<u>\$ 935,594</u>	<u>\$ 12,505</u>	<u>\$ 692,068</u>	<u>\$ 92,239</u>	<u>\$ 2,130,271</u>	<u>(\$ 152,706)</u>	<u>\$ -</u>	<u>\$ 5,550,942</u>	<u>\$ 28,034</u>	<u>\$ 5,578,976</u>
<b>Nine months ended September 30, 2019</b>												
Balance at January 1, 2019		\$ 1,855,913	\$ 959,959	\$ 10,422	\$ 692,068	\$ 92,239	\$ 2,197,064	(\$ 140,931)	\$ -	\$ 5,666,734	\$ 70,569	\$ 5,737,303
Profit (loss) for the period		-	-	-	-	-	537,629	-	-	537,629	(22,025)	515,604
Other comprehensive income (loss) for the period		-	-	-	-	-	-	(11,276)	-	(11,276)	553	(11,829)
Total comprehensive income (loss) for the period		-	-	-	-	-	537,629	(11,276)	-	526,353	(22,578)	503,775
Appropriations and distribution of 2018 retained earnings:	6(17)											
Legal reserve		-	-	-	79,258	-	(79,258)	-	-	-	-	-
Cash dividends		-	-	-	-	-	(556,774)	-	-	(556,774)	-	(556,774)
Share-based payment	6(14)(15)(16)	5,925	7,188	(2,950)	-	-	-	-	-	10,163	-	10,163
Changes in equity of associates and joint ventures accounted for using equity method	6(16)	-	-	223	-	-	-	-	-	223	-	223
Conversion of convertible bonds	6(11)(15)(16)(24)	4,862	7,500	(503)	-	-	-	-	-	11,859	-	11,859
Change in non-controlling interests		-	-	-	-	-	-	-	-	-	1,747	1,747
Balance at September 30, 2019		<u>\$ 1,866,700</u>	<u>\$ 974,647</u>	<u>\$ 7,192</u>	<u>\$ 771,326</u>	<u>\$ 92,239</u>	<u>\$ 2,098,661</u>	<u>(\$ 152,207)</u>	<u>\$ -</u>	<u>\$ 5,658,558</u>	<u>\$ 49,738</u>	<u>\$ 5,708,296</u>

The accompanying notes are an integral part of these consolidated financial statements.



**MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	Nine months ended September 30	
		2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 690,744	\$ 899,680
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(19)	( 66,323 )	( 72,518 )
Impairment on expected credit loss	12(2)	12,868	225,765
Share of (profit) loss of associates and joint ventures accounted for using equity method		( 2,750 )	4,782
Depreciation	6(7)(8)(20)	249,817	87,924
Amortisation	6(20)	12,288	12,917
Loss on disposal of property, plant and equipment	6(7)	683	510
Compensation cost of share-based payments	6(14)(20)	1,567	2,105
Interest income		( 6,931 )	( 5,384 )
Interest expense		64,891	46,631
Dividend income		( 13,705 )	( 14,385 )
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets – current		130,917	( 1,658,294 )
Notes receivable, net		( 124,872 )	74,072
Accounts receivable, net		( 224,421 )	( 498,313 )
Accounts receivable – related parties, net		( 81,402 )	( 108 )
Other receivables		2,011	( 45,820 )
Inventories		650,794	( 711,037 )
Prepayments		( 28,970 )	316,755
Other current assets		24,754	( 121,937 )
Changes in operating liabilities			
Contract liabilities – current		( 343,685 )	252,820
Notes payable		( 52,352 )	136,740
Accounts payable		( 522,875 )	717,370
Accounts payable – related parties		( 5,987 )	( 13,361 )
Other payables		( 200,813 )	1,092
Advance receipts		3,420	( 31,633 )
Other current liabilities		( 33,295 )	40,015
Other non-current liabilities		( 1,932 )	( 1,549 )
Cash inflow (outflow) generated from operations		134,441	( 355,161 )
Interest received		6,913	6,113
Dividends received		13,705	14,385
Interest paid		( 69,477 )	( 45,311 )
Income tax paid		( 209,648 )	( 194,790 )
Net cash flows used in operating activities		( 124,066 )	( 574,764 )

(Continued)

**MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	Nine months ended September 30	
		2019	2018
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of financial assets at fair value through profit or loss		(\$ 58,517 )	(\$ 61,498 )
Proceeds from disposal of financial assets at fair value through profit or loss		83,804	33,207
Increase in other financial assets – current		( 62,378 )	( 2,323 )
Acquisition of investments accounted for using equity method		( 15,563 )	( 11,695 )
Acquisition of property, plant and equipment	6(7)	( 159,339 )	( 427,837 )
Proceeds from disposal of property, plant and equipment	6(7)	14,631	8,485
Acquisition of right-of-use assets		( 43,737 )	-
Acquisition of intangible assets		( 8,843 )	( 13,913 )
Decrease in prepayments for business facilities		2,650	512
(Increase) decrease in refundable deposits		( 38,765 )	33,418
Increase in prepayments for investments		( 11,991 )	( 20,000 )
Decrease in other non-current assets		-	647
Net cash flows used in investing activities		<u>( 298,048 )</u>	<u>( 460,997 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings	6(25)	990,871	991,047
Proceeds from exercise of employee stock options	6(14)	9,409	15,601
Repayments of lease principal	6(8)(25)	( 89,108 )	-
Cash dividends paid	6(17)	( 556,774 )	( 442,541 )
Changes in non-controlling interests		934	37,876
Net cash flows from financing activities		<u>355,332</u>	<u>601,983</u>
Effect of exchange rate changes on cash and cash equivalents		( 14,604 )	( 66,025 )
Net decrease in cash and cash equivalents		( 81,386 )	( 499,803 )
Cash and cash equivalents at beginning of period	6(1)	<u>2,155,357</u>	<u>2,300,572</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 2,073,971</u>	<u>\$ 1,800,769</u>

The accompanying notes are an integral part of these consolidated financial statements.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars,  
except as otherwise indicated)  
(REVIEWED, NOT AUDITED)

1. ORGANIZATION AND OPERATIONS

Marketch International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical and computer equipment and materials, chemicals, gas, components; (ii) factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitoring system, Turn-key and Hook-up Project services and (iii) design and manufacturing of customized equipment. Ennoconn International Investment Co., Ltd. owns 44.71% of the shares of the Company. The ultimate parent company of the Company is Ennoconn Corporation.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

The consolidated financial statements were reported to the Board of Directors on November 4, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

## IFRS 16, 'Leases'

- (a) IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- (b) The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by \$1,050,801, increased 'lease liability' by \$1,008,742 and decreased 'prepaid rents' (presented as 'Prepayments') and 'long-term prepaid rents' (presented as 'Other non-current assets') by \$4,971 and \$37,088, respectively, on January 1, 2019.
- (c) The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
- Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
  - The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
  - The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
  - The use of hindsight in determining the lease term where the contract contains options to extend the lease.
- (d) The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate ranging from 0.985% to 13%.
- (e) The Group recognized lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognized as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 781,480
Add: Adjustments as a result of a different treatment of extension options	<u>802,233</u>
Total lease contracts amount recognized as lease liabilities by applying IFRS 16 on January 1, 2019	<u>\$ 1,583,713</u>
Incremental borrowing interest rate at the date of initial application	<u>0.985%~13%</u>
Lease liabilities recognized as at January 1, 2019 by applying IFRS 16	<u>\$ 1,008,742</u>

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark'	January 1, 2020
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2018, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.
- B. These consolidated financial statements should be read along with the consolidated financial statements as of and for the year ended December 31, 2018.

## (2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Liabilities on cash-settled share-based payment arrangements measured at fair value.
  - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

## (3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2018.

- B. The subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Contracting for semiconductor automatic supply system	100	100	100	Note 1
Marketech International Corp.	Headquarter International Ltd.	Investment holdings and reinvestment	100	100	100	Note 1
Marketech International Corp.	Tiger United Finance Ltd.	Investment holdings and reinvestment	100	100	100	Note 1
Marketech International Corp.	Market Go Profits Ltd.	Investment holdings and reinvestment	100	100	100	-
Marketech International Corp.	MIC-Tech Global Corp.	International trade	100	100	100	Note 1
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Trading, installation and repair of various machinery equipment and its peripherals	100	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Contracting for electrical installation construction	100	100	100	Note 1
Marketech International Corp.	eZoom Information, Inc.	Research, trading and consulting of information system software and hardware appliance	100	100	100	Note 1
Marketech International Corp.	Marketech Co., Ltd.	Specialized contracting and related repair services; equipment sales and repair, sales of cosmetics and daily necessities	100	100	100	Note 1
Marketech International Corp.	Marketech Integrated Manufacturing Co., Ltd.	Design, manufacturing, installation of automatic production equipment and its parts	100	100	100	Note 1
Marketech International Corp.	Marketech International Sdn. Bhd.	Specialized contracting and related repair services	100	100	51.12	Note 1
Marketech International Corp.	PT Marketech International Indonesia	Trading business of machine equipment and parts	99.92	99.92	99.92	Note 1
Marketech International Corp.	Marketech Netherlands B.V.	International trade business of machine and components and technical service	100	100	100	Note 1
Marketech International Corp.	ADAT Technology Co., Ltd. (ADAT)	Research, development, application, and service of software; supply of electronic information and the buying and selling of equipment	29.41	30.30	47.62	Note 1 and 2
Marketech International Corp.	Marketech International Corporation USA	Specialized contracting and related repair services	100	-	-	Note 1
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Investment holdings and reinvestment	100	100	100	-



Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Investment holdings and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Investment holdings and reinvestment	60	60	60	-
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co., Limited	Investment holdings and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (WuXi) Co., Ltd.	Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembly of wrapping device and cooling equipment; assembly of barbecue grill; wholesale, commission agency and import and export of the aforementioned products and their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants; design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system, manufacturing and sales of medical devices.	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repair, manufacture, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; construction of chemical and petroleum projects; construction of public municipal infrastructure projects; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting. Building equipment, building materials (excluding steel and cement), electronic products, chemical products (excluding hazardous products), metal products, electrical equipment, wholesale of communications equipment, commission-based agency (excluding auctions) and import-export business, and delivery of all related and supplementary services	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
MIC-Tech Ventures Asia Pacific Inc.	SKMIC (WUXI) Corp.	Design, installation and repair of semi-conductor and transistor facilities, electronic components facilities and pollution prevention equipment, as well as wholesale, commission agent and export/import business of products listed above, industrial cleaning, repair and maintenance	-	49	49	Note 2 and 3
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products, semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity; international and entrepot trade, trading and trading agency among enterprises in customs bonded area; consulting service for trading; installation, repair, and maintenance of automation equipment, electronic equipment, and their parts	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
Rusky H.K. Limited	Shanghai Maohua Electronics Engineering Co., Ltd.	Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers; consulting service for electrical and medical equipment wholesale, commissioned distribution, export, import and related services of electronic products, machinery equipment, chemical products, communication equipment, metal products, plastic products	87	87	87	-
Rusky H.K. Limited	ChenGao M&E Engineering (Shanghai) Co., Ltd.	Design of microelectronic products and display devices; consulting service for related technology and management	100	100	100	-
Rusky H.K. Limited	PT Marketech International Indonesia	Trading business of machine equipment and parts	0.08	0.08	0.08	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
MICT International Limited	Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device; sells the products that manufactured by itself; machinery equipment, research and development, transfer, consulting and service of semiconductor-related technology; processing of metal salvage and junk (except for hazardous chemicals and hazardous waste); metallic material (except for steels and noble metal), ceramic product, paper products and wholesale, retail and import and export of hardware products	60	60	60	-
Frontken MIC Co., Limited	Frontken-MIC (Wuxi) Co., Ltd.	Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductor	100	100	100	-
Marketch Integrated Pte. Ltd.	Marketch International Sdn. Bhd.	Specialized contracting and related repair services	-	-	48.88	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2019	December 31, 2018	September 30, 2018	
Marketech Engineering Pte. Ltd.	Marketech Integrated Construction Co., Ltd.	Specialized contracting for electrical installation construction	97.69	95	95	Note 1

Note 1 : The financial statements of the entity as of and for the nine months ended September 30, 2019 and 2018 were not reviewed by independent accountants as the entity did not meet the definition of significant subsidiary.

Note 2 : The Company holds less than 50% share ownership in ADAT Technology Co., Ltd. and its subsidiary – SKMIC (WUXI) Corp. However, as the definition of control is met, the subsidiary is included in the consolidated entities.

Note 3 : SKMIC (WUXI) Corp. has completed the liquidation process in June 2019.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: As of September 30, 2019, December 31, 2018 and September 30, 2018, the non-controlling interests amounted to \$49,738, \$70,569 and \$28,034, respectively. Subsidiaries that have non-controlling interests are not material to the Group.

(4) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

Effective 2019

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any initial direct costs incurred by the lessee.



The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(5) Leased assets/ operating leases (lessee)

Effective 2018

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(6) Income tax

If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements as of and for the year ended December 31, 2018.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Cash on hand	\$ 15,640	\$ 15,005	\$ 15,489
Checking accounts and demand deposits	2,029,984	2,089,059	1,763,498
Time deposits	<u>28,347</u>	<u>51,293</u>	<u>21,782</u>
Total	<u>\$ 2,073,971</u>	<u>\$ 2,155,357</u>	<u>\$ 1,800,769</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Except for the cash and cash equivalents pledged to others as shown in Note 8 that was transferred to 'other current assets', the Group has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 9,079	\$ 15,442	\$ 15,442
Hybrid instruments-call provision of convertible corporate bonds (Note 6(11))	-	250	250
	<u>9,079</u>	<u>15,692</u>	<u>15,692</u>
Valuation adjustment	<u>35,645</u>	<u>75,252</u>	<u>29,080</u>
Total	<u>\$ 44,724</u>	<u>\$ 90,944</u>	<u>\$ 44,772</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 17,156	\$ 17,019	\$ 17,019
Unlisted stocks	393,348	345,238	297,366
Beneficiary certificates	2,757	-	-
Hybrid instruments-convertible corporate bonds	<u>35,959</u>	<u>23,646</u>	<u>23,646</u>
	<u>449,220</u>	<u>385,903</u>	<u>338,031</u>
Valuation adjustment	<u>58,304</u>	<u>29,565</u>	<u>81,799</u>
Total	<u>\$ 507,524</u>	<u>\$ 415,468</u>	<u>\$ 419,830</u>
Prepayments to long-term investments (listed as 'other non-current assets')			
Unlisted stocks	<u>\$ 11,991</u>	<u>\$ 4,800</u>	<u>\$ 20,000</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 12,691	\$ 27,860
Hybrid instruments	-	45
	<u>\$ 12,691</u>	<u>\$ 27,905</u>

	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 69,245	\$ 72,723
Hybrid instruments	( 2,922)	( 205)
	<u>\$ 66,323</u>	<u>\$ 72,518</u>

B. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Notes and accounts receivable

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>January 1, 2018</u>
Notes receivable	\$ 220,863	\$ 95,991	\$ 101,568	\$ 175,641
Less: Loss allowance	-	-	-	( 8,494)
Total	<u>\$ 220,863</u>	<u>\$ 95,991</u>	<u>\$ 101,568</u>	<u>\$ 167,147</u>
	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>	<u>January 1, 2018</u>
Accounts receivable	\$ 4,935,306	\$ 4,766,868	\$ 4,655,891	\$ 4,277,063
Less: Loss allowance	( 609,672)	( 615,674)	( 560,612)	( 378,156)
Total	<u>\$ 4,325,634</u>	<u>\$ 4,151,194</u>	<u>\$ 4,095,279</u>	<u>\$ 3,898,907</u>

The above accounts receivable and notes receivable were all from contracts with customers.

A. The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

(a) Notes receivable

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Not past due	\$ 220,863	\$ 95,991	\$ 101,568

(b) Accounts receivable

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Not past due	\$ 2,846,638	\$ 3,266,339	\$ 3,098,982
Up to 90 days	944,720	546,472	450,457
91 to 180 days	158,241	154,711	158,178
181 to 365 days	454,694	184,105	201,681
Over 365 days	721,892	724,722	746,868
	<u>\$ 5,126,185</u>	<u>\$ 4,876,349</u>	<u>\$ 4,656,166</u>

The above ageing analysis was based on past due date.

B. As of September 30, 2019, December 31, 2018 and September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable was \$220,863, \$95,991 and \$101,568, respectively. As of September 30, 2019, December 31, 2018 and September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable was \$4,516,512, \$4,260,670 and \$4,095,554, respectively.

C. The Group does not hold any collateral as security.

D. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	September 30, 2019		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
	Cost	inventories	Book value
Materials	\$ 543,293	(\$ 33,482)	\$ 509,811
Merchandise inventory	453,173	( 12,303)	440,870
Raw materials	784,439	( 36,633)	747,806
Supplies	43,224	( 2,836)	40,388
Work in process	1,194,616	( 11,208)	1,183,408
Semi-finished goods and finished goods	241,039	( 21,587)	219,452
Total	\$ 3,259,784	(\$ 118,049)	\$ 3,141,735
	December 31, 2018		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
	Cost	inventories	Book value
Materials	\$ 538,814	(\$ 27,922)	\$ 510,892
Merchandise inventory	617,983	( 85,195)	532,788
Raw materials	908,155	( 29,328)	878,827
Supplies	42,119	( 2,866)	39,253
Work in process	1,478,925	( 22,960)	1,455,965
Semi-finished goods and finished goods	417,758	( 34,669)	383,089
Total	\$ 4,003,754	(\$ 202,940)	\$ 3,800,814

	September 30, 2018		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 515,920	(\$ 26,140)	\$ 489,780
Merchandise inventory	642,216	( 81,237)	560,979
Raw materials	997,559	( 21,033)	976,526
Supplies	42,386	( 2,358)	40,028
Work in process	1,449,899	( 16,813)	1,433,086
Semi-finished goods and finished goods	267,983	( 25,269)	242,714
Total	<u>\$ 3,915,963</u>	<u>(\$ 172,850)</u>	<u>\$ 3,743,113</u>

A. Relevant expenses of inventories recognized as operating costs for the three months and nine months ended September 30, 2019 and 2018 are as follows:

	Three months ended September 30,	
	2019	2018
Construction cost	\$ 3,057,341	\$ 3,136,054
Cost of sales	1,925,795	2,162,844
Other operating cost	243,747	239,792
(Gain on reversal of) loss on market value decline and obsolete and slow-moving inventories (Note)	( 332)	15,870
Total	<u>\$ 5,226,551</u>	<u>\$ 5,554,560</u>
	Nine months ended September 30,	
	2019	2018
Construction cost	\$ 8,860,050	\$ 8,623,348
Cost of sales	6,068,253	6,735,515
Other operating cost	772,068	745,588
(Gain on reversal of) loss on market value decline and obsolete and slow-moving inventories (Note)	( 25,786)	1,209
Total	<u>\$ 15,674,585</u>	<u>\$ 16,105,660</u>

Note: The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the Group sold inventories, which had been previously provided with inventory valuation loss.

B. The Group has no inventories pledged to others.

(5) Prepayments

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Prepayment for purchases	\$ 339,406	\$ 347,988	\$ 424,132
Others	106,985	73,963	70,939
Total	<u>\$ 446,391</u>	<u>\$ 421,951</u>	<u>\$ 495,071</u>

(6) Investments accounted for using equity method

A. Details of investments accounted for using the equity method:

	<u>September 30, 2019</u>		<u>December 31, 2018</u>	
	<u>Carrying amount</u>	<u>% interest held</u>	<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.	\$ 61,204	29.24%	\$ 61,236	29.24%
Fortune Blessing Co., Limited	14,664	27.78%	-	-
MIC Techno Co., Ltd.	1,835	20%	1,842	20%
Leader Fortune Enterprise Co., Ltd.	( 4,893)	31.43%	( 4,638)	31.43%
	72,810		58,440	
Add: Credit of long-term equity investment transferred to 'other non-current liabilities, others'	4,893		4,638	
Total	<u>\$ 77,703</u>		<u>\$ 63,078</u>	

	<u>September 30, 2018</u>	
	<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.	\$ 56,754	29.24%
MIC Techno Co., Ltd.	1,843	20%
Leader Fortune Enterprise Co., Ltd.	( 4,122)	31.43%
	54,475	
Add: Credit of long-term equity investment transferred to 'other non-current liabilities, others'	4,122	
Total	<u>\$ 58,597</u>	

## B. Associates

Associates using equity method are all individually immaterial and the Group's share of the operating results are summarized below:

	Three months ended September 30,	
	2019	2018
Loss for the period from continuing operations	(\$ 208)	(\$ 23,273)
Other comprehensive (loss) income - net of tax	( 502)	694
Total comprehensive loss	<u>(\$ 710)</u>	<u>(\$ 22,579)</u>
	Nine months ended September 30,	
	2019	2018
Profit (loss) for the period from continuing operations	\$ 9,415	(\$ 14,490)
Other comprehensive (loss) income - net of tax	( 754)	901
Total comprehensive income (loss)	<u>\$ 8,661</u>	<u>(\$ 13,589)</u>

C. The investments accounted for using equity method for the nine months ended September 30, 2019 and 2018 were evaluated based on the financial statements of the entity which were not reviewed by independent accountants. The investment accounted for using equity method for the year ended December 31, 2018 was evaluated based on the financial statements of the entity which were audited by independent accountants.



(7) Property, plant and equipment

	2019					
	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1</u>						
Cost	\$ 205,438	\$ 2,389,961	\$ 636,198	\$ 227,223	\$ 326,017	\$ 3,784,837
Accumulated depreciation	-	( 913,855)	( 474,127)	( 148,881)	( 16,041)	( 1,552,904)
Book value	<u>\$ 205,438</u>	<u>\$ 1,476,106</u>	<u>\$ 162,071</u>	<u>\$ 78,342</u>	<u>\$ 309,976</u>	<u>\$ 2,231,933</u>
 <u>Nine months ended September 30</u>						
Opening net book amount	\$ 205,438	\$ 1,476,106	\$ 162,071	\$ 78,342	\$ 309,976	\$ 2,231,933
Additions	-	64,630	29,757	20,732	46,481	161,600
Transfers (Note)	-	299,360	773	3,562	( 305,956)	( 2,261)
Disposals	-	( 1,191)	( 12,377)	( 1,489)	( 160)	( 15,217)
Depreciation	-	( 79,334)	( 26,489)	( 22,398)	( 1,940)	( 130,161)
Net exchange differences	-	( 1,948)	( 743)	( 302)	6,050	3,057
Closing net book amount	<u>\$ 205,438</u>	<u>\$ 1,757,623</u>	<u>\$ 152,992</u>	<u>\$ 78,447</u>	<u>\$ 54,451</u>	<u>\$ 2,248,951</u>
 <u>At September 30</u>						
Cost	\$ 205,438	\$ 2,746,294	\$ 619,659	\$ 237,737	\$ 69,336	\$ 3,878,464
Accumulated depreciation	-	( 988,671)	( 466,667)	( 159,290)	( 14,885)	( 1,629,513)
Book value	<u>\$ 205,438</u>	<u>\$ 1,757,623</u>	<u>\$ 152,992</u>	<u>\$ 78,447</u>	<u>\$ 54,451</u>	<u>\$ 2,248,951</u>

	2018					
	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</u>						
Cost	\$ 205,438	\$ 1,961,031	\$ 598,400	\$ 207,804	\$ 364,423	\$ 3,337,096
Accumulated depreciation	-	( 855,248)	( 463,220)	( 139,742)	( 14,609)	( 1,472,819)
Book value	<u>\$ 205,438</u>	<u>\$ 1,105,783</u>	<u>\$ 135,180</u>	<u>\$ 68,062</u>	<u>\$ 349,814</u>	<u>\$ 1,864,277</u>
<u>Nine months ended September 30</u>						
Opening net book amount	\$ 205,438	\$ 1,105,783	\$ 135,180	\$ 68,062	\$ 349,814	\$ 1,864,277
Additions	-	8,391	36,991	25,172	357,283	427,837
Disposals	-	( 406)	( 131)	( 873)	( 7,538)	( 8,948)
Depreciation	-	( 44,824)	( 22,568)	( 18,879)	( 1,653)	( 87,924)
Net exchange differences	-	( 2,187)	( 1,088)	( 271)	( 19,345)	( 22,891)
Closing net book amount	<u>\$ 205,438</u>	<u>\$ 1,066,757</u>	<u>\$ 148,384</u>	<u>\$ 73,211</u>	<u>\$ 678,561</u>	<u>\$ 2,172,351</u>
<u>At September 30</u>						
Cost	\$ 205,438	\$ 1,962,896	\$ 615,256	\$ 218,312	\$ 694,020	\$ 3,695,922
Accumulated depreciation	-	( 896,139)	( 466,872)	( 145,101)	( 15,459)	( 1,523,571)
Book value	<u>\$ 205,438</u>	<u>\$ 1,066,757</u>	<u>\$ 148,384</u>	<u>\$ 73,211</u>	<u>\$ 678,561</u>	<u>\$ 2,172,351</u>

Note : The transfer amount is primarily due to the transfer from completion of construction in progress to buildings.

A. The property, plant and equipment are all owner-occupied.

B. The Group has no interest capitalised to property, plant and equipment.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements — lessee

Effective 2019

- A. The Group leases various assets including land, buildings, machinery and equipment, office equipment, and other equipment. Rental contracts are typically made for periods of 3 months to 75 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings, machinery and equipment, office equipment, and other equipment. Consequently, those leases are not included in the right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2019</u>	<u>Nine months ended September 30, 2019</u>
	<u>Carrying amount</u>	<u>Depreciation charge</u>
Land	\$ 705,292	\$ 16,967
Buildings	211,110	76,092
Machinery and equipment	-	149
Office equipment	299	457
Other equipment	61,386	25,991
	<u>\$ 978,087</u>	<u>\$ 119,656</u>

- D. For the nine months ended September 30, 2019, the additions to right-of-use assets was \$72,202.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended September 30, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 4,306
Expense on short-term lease contracts	7,235
	<u>\$ 11,541</u>
	<u>Nine months ended September 30, 2019</u>
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 14,236
Expense on short-term lease contracts	8,633
	<u>\$ 22,869</u>

- F. For the nine months ended September 30, 2019, the Group's total cash outflow for leases was \$111,977.
- G. Extension options
- (a) Extension options are included in approximately 37.5% of the Group's lease contracts pertaining to land. These options are expected to be exercised for maximizing optional flexibility in terms of managing contracts.

(b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Short-term borrowings

	<u>September 30, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	\$ 3,571,415	0.87%~5.0025%	None
Mortgage loan	38,165	3.62833%~3.62958%	Buildings
	<u>\$ 3,609,580</u>		
<u>December 31, 2018</u>			
<u>Bank borrowings</u>			
Credit borrowings	\$ 2,610,697	0.88%~5.4971%	None
Mortgage loan	24,728	3.39883%~3.40633%	Buildings
	<u>\$ 2,635,425</u>		
<u>September 30, 2018</u>			
<u>Bank borrowings</u>			
Credit borrowings	\$ 2,947,849	0.8774%~5.4375%	None
Mortgage loan	24,563	3.26175%~3.26575%	Buildings
	<u>\$ 2,972,412</u>		

Details of mortgage loan are provided in Note 8.

(10) Other payables

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Salaries and bonus payable	\$ 242,115	\$ 383,471	\$ 342,721
Accrued employees' compensation and directors' remuneration	83,729	152,657	141,514
Others	52,404	52,813	52,694
Total	<u>\$ 378,248</u>	<u>\$ 588,941</u>	<u>\$ 536,929</u>

(11) Bonds payable

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Bonds payable	\$ -	\$ 11,900	\$ 46,900
Less: Discount on bonds payable	-	( 134)	( 736)
	-	11,766	46,164
Less: Long-term liabilities, current portion	-	( 11,766)	( 46,164)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A. The Company issued the 3rd domestic unsecured convertible bonds, as approved by the

regulatory authority on August 1, 2016. The terms and conditions are as follows:

- (a) Total issuance amount: \$500,000
- (b) Issuance period: 3 years, and a circulation period from August 22, 2016 to August 22, 2019
- (c) Coupon rate: 0%
- (d) Conversion period: The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds before the maturity date, except the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (e) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
- (f) Redemption Method:
  - i. Redemption on the maturity date: Redeemed in cash at face value at the maturity date.
  - ii. Redemption before the maturity date: The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after one month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.
  - iii. Under the terms of the bonds, all bonds redeemed, matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (g) For the nine months ended September 30, 2019, the convertible corporate bonds with par value totaling \$11,900 have been converted into 486 thousand ordinary shares, generating capital surplus of \$7,500 and resulting in a decrease in 'capital surplus - stock options' by \$503.
- (h) As of September 30, 2019, the convertible corporate bonds with par value totaling \$500,000 have been converted into 18,533 thousand ordinary shares, generating capital surplus of \$319,914 and resulting in a decrease in 'capital surplus - stock options' by \$21,136. All convertible corporate bonds have been converted before maturity.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$21,136 were separated from the liability component and were recognized in 'capital surplus - stock options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognized in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the bonds payable after such separation is 1.788%.

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 2019</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from September 27, 2019 to December 25, 2020; interest is payable monthly; principal is payable at maturity date	0.978%	None	<u>\$ 200,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2018</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from December 27, 2018 to March 27, 2020; interest is payable monthly; principal is payable at maturity date	0.985%	None	<u>\$ 200,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>September 30, 2018</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from September 27, 2018 to December 27, 2019; interest is payable monthly; principal is payable at maturity date	0.911%	None	<u>\$ 200,000</u>

(13) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognized pension costs of \$669, \$792, \$2,008 and \$2,375 for the three months and nine months ended September 30, 2019 and 2018, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2020 amount to \$5,254.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's Mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) Certain overseas subsidiaries have a defined contribution plan. Contributions to an independent fund are based on certain percentage of employees' monthly salaries and wages and are recognized as pension cost. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under the defined contribution pension plans of the Group for the three months and nine months ended September 30, 2019 and 2018 were \$23,895, \$23,815, \$71,638 and \$67,735, respectively.

(14) Share-based payment

A. For the nine months ended September 30, 2019 and 2018, the Company's share-based payment arrangements were as follows:

<u>Issuing Company</u>	<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (in thousands)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
The Company	Employee stock options	2015.9.11	3,956	6 years	2~4 years' service
Subsidiary-ADAT	"	2019.4.1	436	"	0~2 years' service
"	"	2019.9.1	314	"	"

The above share-based payment arrangements are all settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a)The Company

	<u>Nine months ended September 30,</u>			
	<u>2019</u>		<u>2018</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at beginning of the period	1,325	\$ 16.70	2,456	\$ 17.30
Options exercised	( 593)	15.88	( 919)	16.96
Options forfeited	( 14)	-	( 75)	-
Options outstanding at end of the period	<u>718</u>	15.70	<u>1,462</u>	16.70
Options exercisable at end of the period	<u>718</u>		<u>98</u>	
Options approved but not yet issued at end of the period	<u>44</u>		<u>44</u>	



(b)Subsidiary-ADAT

	Nine months ended September 30,			
	2019		2018	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	-	\$ -	-	\$ -
Options granted	750	10.00	-	-
Options exercised	(201)	10.00	-	-
Options outstanding at end of the period	<u>549</u>	10.00	<u>-</u>	-
Options exercisable at end of the period	<u>24</u>		<u>-</u>	
Options approved but not yet issued at end of the period	<u>204</u>		<u>-</u>	

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issuing Company	Issue date approved	Expiry date	September 30, 2019	
			No. of shares (in thousands)	Exercise price (in dollars)
The Company	2015.9.11	2021.9.10	718	\$ 15.70
Subsidiary-ADAT	2019.4.1	2025.3.31	320	10.00
	2019.9.1	2025.8.31	229	10.00

Issuing Company	Issue date approved	Expiry date	December 31, 2018	
			No. of shares (in thousands)	Exercise price (in dollars)
The Company	2015.9.11	2021.9.10	1,325	\$ 16.70

Issuing Company	Issue date approved	Expiry date	September 30, 2018	
			No. of shares (in thousands)	Exercise price (in dollars)
The Company	2015.9.11	2021.9.10	1,462	\$ 16.70

D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

<u>Issuing Company</u>	<u>Type of arrangement</u>	<u>Grant date</u>	<u>Stock price (in dollars)</u>	<u>Exercise price (in dollars)</u>	<u>Expected price volatility</u>	<u>Expected option life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit (in dollars)</u>
The Company	Employee stock options	2015.9.11	\$ 19.60	\$ 19.60	34.91%	4.375 years	0%	0.81%	\$ 5.8326
Subsidiary-ADAT	"	2019.4.1	10.00	10.00	47.77%	3.550 years	0%	0.61%	2.4727
"	"	2019.9.1	10.00	10.00	44.29%	3.550 years	0%	0.54%	2.7873

E. The expenses incurred by the Company on share-based payment transactions are \$252, \$702, \$754 and \$2,105 for the three months and nine months ended September 30, 2019 and 2018, respectively.

F. The expenses incurred by the subsidiary - ADAT on share-based payment transactions are \$390 and \$813 for the three months and nine months ended September 30, 2019, respectively.

(15) Share capital

A. As of September 30, 2019, the Company's authorized capital was \$2,500,000, consisting of 250 million shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was \$1,866,700 with a par value of \$10 (in dollars) per share amounting to 186,669,950 shares. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
At January 1	185,591,264	177,016,429
Conversion of convertible bonds	486,186	6,160,968
Exercise of employee stock options	592,500	919,750
At September 30	<u>186,669,950</u>	<u>184,097,147</u>

(16) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Details of movements in capital surplus are as follows:

	2019				
	<u>Share premium</u>	<u>Employee stock options</u>	<u>Stock options</u>	<u>Others</u>	<u>Total</u>
At January 1	\$ 959,959	\$ 7,568	\$ 503	\$ 2,351	\$ 970,381
Exercise of employee stock options	7,188	( 3,704)	-	-	3,484
Compensation cost of employee stock options	-	754	-	-	754
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	223	223
Conversion of convertible bonds	<u>7,500</u>	<u>-</u>	<u>( 503)</u>	<u>-</u>	<u>6,997</u>
At September 30	<u>\$ 974,647</u>	<u>\$ 4,618</u>	<u>\$ -</u>	<u>\$ 2,574</u>	<u>\$ 981,839</u>
	2018				
	<u>Share premium</u>	<u>Employee stock options</u>	<u>Stock options</u>	<u>Others</u>	<u>Total</u>
At January 1	\$ 822,905	\$ 11,089	\$ 8,712	\$ 351	\$ 843,057
Exercise of employee stock options	11,425	( 5,022)	-	-	6,403
Compensation cost of employee stock options	-	2,105	-	-	2,105
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	2,000	2,000
Conversion of convertible bonds	<u>101,264</u>	<u>-</u>	<u>( 6,730)</u>	<u>-</u>	<u>94,534</u>
At September 30	<u>\$ 935,594</u>	<u>\$ 8,172</u>	<u>\$ 1,982</u>	<u>\$ 2,351</u>	<u>\$ 948,099</u>

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve. The remaining amount along with the prior years' unappropriated earnings are resolved by the Board of Directors and proposed to the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the dividend distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. Details of 2018 and 2017 earnings appropriation resolved by the shareholders on May 30, 2019 and May 30, 2018, respectively are as follows:

	2018		2017	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 79,258	\$ -	\$ 65,295	\$ -
Cash dividends	556,774	3.0	442,541	2.5
Total	<u>\$ 636,032</u>		<u>\$ 507,836</u>	

The earnings appropriation for the years ended December 31, 2018 and 2017 listed above had no difference from that proposed by the Board of Directors on February 18, 2019 and February 24, 2018, respectively.

Information about the earnings distribution of 2018 and 2017 as approved by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(20).

(18) Operating revenue

	Three months ended September 30,	
	2019	2018
Sales contract revenue	\$ 2,207,767	\$ 2,566,964
Construction contract revenue	3,300,070	3,408,084
Other contract revenue	429,921	407,229
Total	<u>\$ 5,937,758</u>	<u>\$ 6,382,277</u>
	Nine months ended September 30,	
	2019	2018
Sales contract revenue	\$ 6,950,702	\$ 7,842,539
Construction contract revenue	9,240,502	9,353,385
Other contract revenue	1,352,880	1,160,376
Total	<u>\$ 17,544,084</u>	<u>\$ 18,356,300</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Three months ended September 30,	
	2019	2018
R&D and manufacturing of customized equipment	\$ 1,414,792	\$ 1,926,769
Total Facility Engineering Turnkey Project	2,005,868	1,777,127
Sales and service of high-tech equipment and materials	1,328,550	1,326,557
Automatic supplying system	1,188,548	1,351,824
Total	<u>\$ 5,937,758</u>	<u>\$ 6,382,277</u>
Timing of revenue recognition		
At a point in time	\$ 2,357,209	\$ 2,683,685
Over time	3,580,549	3,698,592
Total	<u>\$ 5,937,758</u>	<u>\$ 6,382,277</u>

	Nine months ended September 30,	
	2019	2018
R&D and manufacturing of customized equipment	\$ 4,866,086	\$ 5,775,653
Total Facility Engineering Turnkey Project	5,280,192	5,191,304
Sales and service of high-tech equipment and materials	3,940,005	4,089,470
Automatic supplying system	3,457,801	3,299,873
Total	<u>\$ 17,544,084</u>	<u>\$ 18,356,300</u>
Timing of revenue recognition		
At a point in time	\$ 7,453,012	\$ 8,135,501
Over time	10,091,072	10,220,799
Total	<u>\$ 17,544,084</u>	<u>\$ 18,356,300</u>

B. Contract assets and liabilities

(a) The Group has recognized the following revenue-related contract assets and liabilities:

	September 30, 2019	December 31, 2018
Contract assets:		
Contract assets – construction contracts	<u>\$ 4,098,624</u>	<u>\$ 4,229,541</u>
Contract liabilities:		
Contract liabilities – construction contracts	\$ 1,897,270	\$ 2,202,925
Contract liabilities – sales contracts	1,042,066	1,088,219
Contract liabilities – service contracts	37,445	29,322
	<u>\$ 2,976,781</u>	<u>\$ 3,320,466</u>
	September 30, 2018	January 1, 2018
Contract assets:		
Contract assets – construction contracts	<u>\$ 4,822,152</u>	<u>\$ 3,163,858</u>
Contract liabilities:		
Contract liabilities – construction contracts	\$ 2,026,707	\$ 1,851,105
Contract liabilities – sales contracts	1,012,138	931,407
Contract liabilities – service contracts	26,832	30,345
	<u>\$ 3,065,677</u>	<u>\$ 2,812,857</u>

(b) Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Three months ended September 30,	
	2019	2018
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Construction contracts	\$ 268,184	\$ 231,344
Sales contracts	134,996	852
Service contracts	705	-
	<u>\$ 403,885</u>	<u>\$ 232,196</u>

	Nine months ended September 30,	
	2019	2018
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Construction contracts	\$ 1,545,142	\$ 1,356,206
Sales contracts	316,010	268,410
Service contracts	28,859	30,356
	<u>\$ 1,890,011</u>	<u>\$ 1,654,972</u>

(c) All contracts of the Group are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction prices allocated to these unsatisfied contracts are not disclosed.

(19) Other gains and losses

	Three months ended September 30,	
	2019	2018
Net gains on financial assets at fair value through profit or loss	\$ 12,691	\$ 27,865
Foreign exchange losses	( 15,021)	( 21,387)
Other losses	( 1,359)	( 1,922)
Total	<u>(\$ 3,689)</u>	<u>\$ 4,556</u>

	Nine months ended September 30,	
	2019	2018
Net gains on financial assets at fair value through profit or loss	\$ 66,323	\$ 72,518
Foreign exchange gains	17,976	16,646
Other losses	( 4,124)	( 2,441)
Total	<u>\$ 80,175</u>	<u>\$ 86,723</u>

(20) Employee benefit expense, depreciation and amortisation

A. Employee benefit expense, depreciation and amortisation

	<u>Three months ended September 30, 2019</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 173,393	\$ 239,955	\$ 413,348
Compensation cost of employee stock options	-	642	642
Labour and health insurance fees	15,950	18,139	34,089
Pension costs	12,075	12,489	24,564
Other employee benefit expense	6,182	6,853	13,035
Depreciation	47,922	33,957	81,879
Amortisation	1,932	1,870	3,802
	<u>Three months ended September 30, 2018</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 166,862	\$ 241,108	\$ 407,970
Compensation cost of employee stock options	-	702	702
Labour and health insurance fees	16,226	15,052	31,278
Pension costs	12,645	11,962	24,607
Other employee benefit expense	5,861	6,620	12,481
Depreciation	18,563	11,790	30,353
Amortisation	1,814	2,374	4,188
	<u>Nine months ended September 30, 2019</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 529,806	\$ 699,553	\$ 1,229,359
Compensation cost of employee stock options	-	1,567	1,567
Labour and health insurance fees	50,553	51,920	102,473
Pension costs	37,267	36,379	73,646
Other employee benefit expense	17,842	20,776	38,618
Depreciation	156,715	93,102	249,817
Amortisation	5,836	6,452	12,288



	Nine months ended September 30, 2018		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 506,932	\$ 691,184	\$ 1,198,116
Compensation cost of employee stock options	-	2,105	2,105
Labour and health insurance fees	45,982	46,364	92,346
Pension costs	34,621	35,489	70,110
Other employee benefit expense	15,969	18,311	34,280
Depreciation	53,267	34,657	87,924
Amortisation	6,457	6,460	12,917

B. Employees' compensation and directors' remuneration

- (a) According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall not be higher than 3% for directors' remuneration and shall be 1~15% for employees' compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.
- (b) For the three months and nine months ended September 30, 2019 and 2018, employees' compensation and directors' remuneration are accrued as follows:

	Three months ended September 30,	
	2019	2018
Employees' compensation	\$ 27,272	\$ 40,380
Directors' remuneration	2,728	4,038
	<u>\$ 30,000</u>	<u>\$ 44,418</u>
	Nine months ended September 30,	
	2019	2018
Employees' compensation	\$ 76,117	\$ 100,881
Directors' remuneration	7,612	10,088
	<u>\$ 83,729</u>	<u>\$ 110,969</u>

For the nine months ended September 30, 2019, employees' compensation and directors' remuneration were estimated and accrued based on 10% and 1% of distributable profit of current year as of the end of reporting period, respectively.

The employees' compensation and directors' remuneration for 2018 resolved by the Board of Directors on February 18, 2019 were \$111,000 and \$11,111, respectively, and were in agreement with those amounts recognized in the 2018 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2019	2018
Current tax		
Current tax on profits for the period	\$ 54,525	\$ 59,696
Adjustments in respect of prior period	1,106	( 7)
Total current tax	55,631	59,689
Deferred tax		
Origination and reversal of temporary differences	13,145	7,141
Income tax expense	<u>\$ 68,776</u>	<u>\$ 66,830</u>
	Nine months ended September 30,	
	2019	2018
Current tax		
Current tax on profits for the period	\$ 161,000	\$ 165,550
Tax on undistributed surplus earnings	7,449	6,790
Adjustments in respect of prior period	( 20,916)	4,600
Total current tax	147,533	176,940
Deferred tax		
Origination and reversal of temporary differences	27,607	9,629
Income tax expense	<u>\$ 175,140</u>	<u>\$ 186,569</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Three months ended September 30,	
	2019	2018
Currency translation differences of foreign operations	<u>\$ 8,293</u>	<u>\$ 14,631</u>
	Nine months ended September 30,	
	2019	2018
Currency translation differences of foreign operations	\$ 2,819	\$ 16,945
Remeasurements of defined benefit obligations	-	772
	<u>\$ 2,819</u>	<u>\$ 17,717</u>

B. Assessment of the Company's and domestic subsidiary's income tax returns is as follows:

	<u>Assessment</u>
The Company	Through 2017
eZoom Information, Inc.	"
ADAT Technology Co., Ltd.	"

C. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(22) Earnings per share

	<u>Three months ended September 30, 2019</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 196,960	186,047	<u>\$ 1.06</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	1	96	
Employee stock option	-	436	
Employees' compensation	-	<u>1,522</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 196,961</u>	<u>188,101</u>	<u>\$ 1.05</u>

Three months ended September 30, 2018			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 295,437	179,115	\$ <u>1.65</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	434	5,446	
Employee stock option	-	1,007	
Employees' compensation	-	1,745	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>295,871</u>	<u>187,313</u>	\$ <u>1.58</u>
Nine months ended September 30, 2019			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 537,629	185,843	\$ <u>2.89</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	75	310	
Employee stock option	-	445	
Employees' compensation	-	1,879	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>537,704</u>	<u>188,477</u>	\$ <u>2.85</u>

	Nine months ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 721,416	178,593	\$ <u>4.04</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	1,687	6,486	
Employee stock option	-	959	
Employees' compensation	-	2,191	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>723,103</u>	<u>188,229</u>	\$ <u>3.84</u>

(23) Operating leases

Details are provided in Note 9(1).

(24) Supplemental cash flow information

Financing activities with no cash flow effects

	Nine months ended September 30,	
	2019	2018
Convertible bonds being converted to capital stocks	\$ 11,859	\$ 156,144

(25) Changes in liabilities from financing activities

	2019			
	Lease liabilities	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ 1,008,742	\$ 2,635,425	\$ 200,000	\$ 3,844,167
Changes in cash flow from financing activities	( 89,108)	990,871	-	901,763
Impact of changes in foreign exchange rate	( 1,995)	( 16,716)	-	( 18,711)
Changes in other non-cash items	28,465	-	-	28,465
At September 30	\$ <u>946,104</u>	\$ <u>3,609,580</u>	\$ <u>200,000</u>	\$ <u>4,755,684</u>

	2018		
	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ 2,012,182	\$ 200,000	\$ 2,212,182
Changes in cash flow from financing activities	991,047	-	991,047
Impact of changes in foreign exchange rate	( 30,817)	-	( 30,817)
At September 30	<u>\$ 2,972,412</u>	<u>\$ 200,000</u>	<u>\$ 3,172,412</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent company

The Company is controlled by Ennoconn International Investment Co., Ltd. (registered in the Republic of China), which owns 44.71% of the shares of the Company. The remaining 55.29% of the shares of the Company are held by the general public. The ultimate parent company of the Company is Ennoconn Corporation (registered in the Republic of China).

### (2) Names of related parties and relationship

Names of related parties	Relationship with the Group
FIH Precision Componet (Beijing) Co., Ltd.	Other related party
Chung-Hsin Precision Machinery Co., Ltd.	"
Hon Hai Precision Industry Co., Ltd.	"
Chung-Hsin Electric & Machinery Mfg. Corp.	"
Hong Kong Ennower Information Technology Co., Limited	"
MIC Techno Co., Ltd.	Associate
Glory Technology Service Inc.	"
Macrotec Technology Corp.	Entity controlled by key management or entity with significant influence
ProbeLeader Co., Ltd.	"
Forward Science Corp.	"
Shenzhen Hyper Power Information Technology Co., Ltd. (Note)	"

Note : Shenzhen Hyper Power Information Technology Co., Ltd. became the entity controlled by key management or entity with significant influence of the Company after the directors' re-election on May 30, 2019.

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Entities controlled by key management or entities with significant influence	<u>\$ 4,135</u>	<u>\$ -</u>
	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Entities controlled by key management or entities with significant influence	<u>\$ 4,616</u>	<u>\$ -</u>

Prices to related parties and third parties are based on normal sales transactions and sales are collected 2 to 3 months after the completion of transactions.

(b) Construction contract revenue

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Entities controlled by key management or entities with significant influence	<u>\$ 45,571</u>	<u>\$ -</u>
Other related parties	<u>35,972</u>	<u>3,109</u>
Total	<u>\$ 81,543</u>	<u>\$ 3,109</u>
	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Entities controlled by key management or entities with significant influence	<u>\$ 278,009</u>	<u>\$ -</u>
Other related parties	<u>250,691</u>	<u>4,313</u>
Total	<u>\$ 528,700</u>	<u>\$ 4,313</u>

- i. Construction contract revenue from related parties and non-related parties are collected based on the general construction contract or general agreement. In addition, construction contracts entered into with related parties are based on the price lists in force and terms that would be available to third parties while collection for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.

ii. As of September 30, 2019, December 31, 2018 and September 30, 2018, contract price and priced contract of unfinished construction are as follows:

	<u>September 30, 2019</u>		<u>December 31, 2018</u>	
	Total contract price		Total contract price	
	<u>(before tax)</u>	<u>Priced contract</u>	<u>(before tax)</u>	<u>Priced contract</u>
Other related parties	\$ 482,167	\$ 438,800	\$ 486,501	\$ 174,447
Associates	19,516	10,316	19,516	10,316
Entities controlled by key management or entities with significant influence	<u>424,691</u>	<u>113,501</u>	<u>4,500</u>	<u>1,800</u>
Total	<u>\$ 926,374</u>	<u>\$ 562,617</u>	<u>\$ 510,517</u>	<u>\$ 186,563</u>

	<u>September 30, 2018</u>	
	Total contract price	
	<u>(before tax)</u>	<u>Priced contract</u>
Other related parties	\$ 108,784	\$ 108,784
Associates	19,516	10,316
Total	<u>\$ 128,300</u>	<u>\$ 119,100</u>

(c) Other contract revenue

	<u>Three months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Associates	\$ 5,974	\$ -
Entities controlled by key management or entities with significant influence	<u>-</u>	<u>100</u>
Total	<u>\$ 5,974</u>	<u>\$ 100</u>

	<u>Nine months ended September 30,</u>	
	<u>2019</u>	<u>2018</u>
Associates	\$ 8,763	\$ -
Entities controlled by key management or entities with significant influence	<u>26</u>	<u>100</u>
Total	<u>\$ 8,789</u>	<u>\$ 100</u>

Other contract revenue from related parties and non-related parties are collected based on the general service contact or general agreement. In addition, service contracts entered into with related parties are based on the price lists in force and terms that would be available to third parties while collection for service are about 2 to 3 months after inspection of service depending on the other contracts or individual agreements.



## B. Acquisition of goods and services

### (a) Purchase of goods

	Three months ended September 30,	
	2019	2018
Entities controlled by key management or entities with significant influence	\$ 2,001	\$ 1,390
	Nine months ended September 30,	
	2019	2018
Other related parties	\$ 6,936	\$ 2,407
Entities controlled by key management or entities with significant influence	3,625	4,308
Total	\$ 10,561	\$ 6,715

Purchases from related parties and third parties are based on normal purchases prices and terms and are collectible about 2 to 3 months after inspection.

### (b) Construction contract costs

	Three months ended September 30,	
	2019	2018
Other related parties	\$ 86	\$ -
Entities controlled by key management or entities with significant influence	-	5,077
Total	\$ 86	\$ 5,077
	Nine months ended September 30,	
	2019	2018
Entities controlled by key management or entities with significant influence	\$ 4,443	\$ 9,439
Other related parties	162	-
Total	\$ 4,605	\$ 9,439

The outsourcing construction costs paid to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the payment terms to related parties are approximately the same to third parties, which is about 2 months after inspection of constructions depending on the construction contracts or individual agreements.

C. Receivables from related parties

Accounts receivable

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Other related parties	\$ 138,869	\$ 109,439	\$ -
Entities controlled by key management or entities with significant influence	<u>52,010</u>	<u>42</u>	<u>275</u>
Subtotal	190,879	109,481	275
Less: Loss allowance	( 1)	( 5)	-
Total	<u>\$ 190,878</u>	<u>\$ 109,476</u>	<u>\$ 275</u>

The collection terms to related parties and third parties are about 2 to 3 months after the sales while terms for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.

D. Payables to related parties

Notes payable

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Entities controlled by key management or entities with significant influence	\$ 5,367	\$ 6,360	\$ 8,812
Other related parties	<u>80</u>	<u>7,314</u>	<u>-</u>
Total	<u>\$ 5,447</u>	<u>\$ 13,674</u>	<u>\$ 8,812</u>

Accounts payable

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Entities controlled by key management or entities with significant influence	\$ 4,993	\$ 6,920	\$ 7,258
Other related parties	3,140	7,200	1,407
Associates	<u>-</u>	<u>-</u>	<u>27</u>
Total	<u>\$ 8,133</u>	<u>\$ 14,120</u>	<u>\$ 8,692</u>

The payment terms to related parties and third parties are about 2 to 3 months after inspection of purchases. The payment terms for outsourcing construction costs are about 2 months after inspection of construction, depending on normal construction contracts or individual agreements.

E. Property transactions

For the three months and nine months ended September 30, 2019 and 2018, the Group has acquired computer equipment and related software from entities controlled by key management and the acquisition price was \$2,155, \$3,530, \$10,284 and \$15,125 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

(4) Key management compensation

	Three months ended September 30,	
	2019	2018
Salaries and other short-term employee benefits	\$ 31,024	\$ 29,367

	Nine months ended September 30,	
	2019	2018
Salaries and other short-term employee benefits	\$ 91,523	\$ 54,452

8. PLEGDED ASSETS

Details of the book value of the Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	September 30, 2019	December 31, 2018	September 30, 2018	
Time deposits (recorded as 'other current assets')	\$ 63,962	\$ 1,584	\$ 10,760	Performance guarantee, warranty guarantee and other guarantee
Refundable deposits (recorded as 'other current assets')	86,423	68,834	72,834	Bid bond and performance guarantee
Buildings and structures (recorded as 'property, plant and equipment')	14,034	14,384	14,399	Guarantee for bank's borrowing facility
	<u>\$ 164,419</u>	<u>\$ 84,802</u>	<u>\$ 97,993</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Commitments

(1) Operating lease agreements

The Group leases buildings under non-cancellable operating lease agreements. The lease terms are under 10 years, and all these lease agreements are renewable at the end of the lease period. Rental is increased periodically to reflect market rental rates. The Group recognized rental costs and expenses of \$50,337 and \$133,147 for these leases in profit or loss for the three months and nine months ended September 30, 2018, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	September 30, 2018
Not later than one year	\$ 50,178	\$ 87,911
Later than one year but not later than five years	182,565	184,293
Later than five years	548,737	192,775
Total	<u>\$ 781,480</u>	<u>\$ 464,979</u>

(2) As of September 30, 2019, the notes and letters of guarantee used for construction performance and custom security amounted to \$1,272,917.

10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements as of and for the year ended December 31, 2018.

### (2) Financial instruments

#### A. Financial instruments by category

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 552,248	\$ 506,412	\$ 464,602
Financial assets at amortised cost			
/Loans and receivables			
Cash and cash equivalents	2,073,971	2,155,357	1,800,769
Notes receivable	220,863	95,991	101,568
Accounts receivable (including related parties)	4,516,512	4,260,670	4,095,554
Other accounts receivable	20,746	21,586	63,944
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	143,365	104,600	112,069
Other financial assets (recorded as 'other current assets')	63,962	1,584	10,760
	<u>\$ 7,591,667</u>	<u>\$ 7,146,200</u>	<u>\$ 6,649,266</u>
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit or loss			
Short-term borrowings	\$ 3,609,580	\$ 2,635,425	\$ 2,972,412
Notes payable (including related parties)	991,807	1,044,159	1,045,090
Accounts payable (including related parties)	3,746,665	4,320,299	4,581,243
Other accounts payable	378,248	588,941	536,929
Bonds payable (including current portion)	-	11,766	46,164
Long-term borrowings	200,000	200,000	200,000
Guarantee deposits received (recorded as 'other non-current liabilities, others')	78	78	78
	<u>\$ 8,926,378</u>	<u>\$ 8,800,668</u>	<u>\$ 9,381,916</u>
Lease liability	<u>\$ 946,104</u>	<u>\$ -</u>	<u>\$ -</u>

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements as of and for the year ended December 31, 2018.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, RMB, SGD, IDR, MMK and MYR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

		September 30, 2019					
						<u>Sensitivity analysis</u>	
		Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : NTD	\$	47,786	31.02	\$ 1,482,328	1%	\$ 14,823	\$ -
USD : RMB		14,044	7.1214	435,649	1%	4,356	-
EUR : NTD		10,611	33.87	359,384	1%	3,594	-
JPY : NTD		1,178,563	0.2877	339,072	1%	3,391	-
JPY : RMB		128,450	0.0660	36,955	1%	370	-
RMB : NTD		7,344	4.3559	31,990	1%	320	-
USD : MMK		1,219	1,532	37,799	1%	378	-
USD : IDR		1,178	13,910	36,542	1%	365	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : NTD	\$	3,767	31.02	\$ 116,860	1%	\$ 1,169	\$ -
USD : RMB		12,234	7.1214	379,496	1%	3,795	-
JPY : NTD		133,572	0.2877	38,429	1%	384	-

December 31, 2018

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 44,916	30.715	\$ 1,379,609	1%	\$ 13,796	\$ -
USD : RMB	15,905	6.8685	488,527	1%	4,885	-
EUR : NTD	12,789	35.2	450,183	1%	4,502	-
JPY : NTD	754,164	0.2782	209,808	1%	2,098	-
JPY : RMB	164,868	0.0622	45,866	1%	459	-
RMB : NTD	11,453	4.4719	51,214	1%	512	-
USD : IDR	1,183	14,420	36,337	1%	363	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 4,894	30.715	\$ 150,318	1%	\$ 1,503	\$ -
USD : RMB	27,124	6.8685	833,112	1%	8,331	-
JPY : NTD	285,633	0.2782	79,463	1%	795	-

September 30, 2018

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 34,639	30.525	\$ 1,057,343	1%	\$ 10,573	\$ -
USD : RMB	13,149	6.8814	401,364	1%	4,014	-
USD : KRW	2,042	1,100.397	62,338	1%	623	-
EUR : NTD	6,917	35.48	245,413	1%	2,454	-
JPY : NTD	239,405	0.2692	64,448	1%	644	-
SGD : NTD	2,014	22.33	44,976	1%	450	-
RMB : NTD	12,503	4.4359	55,462	1%	555	-
USD : MMK	1,981	1,560	60,458	1%	605	-
USD : IDR	1,182	14,675	36,079	1%	361	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 7,462	30.525	\$ 227,776	1%	\$ 2,278	\$ -
USD : RMB	31,257	6.8814	954,130	1%	9,541	-
USD : SGD	1,530	1.367	46,696	1%	467	-
JPY : NTD	451,903	0.2692	121,652	1%	1,217	-

iv. Please refer to the following table for the details of unrealized exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

Three months ended September 30, 2019			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
EUR : NTD	\$ -	33.87	(\$ 11,538)
EUR : USD	( 32)	0.9159	( 988)
USD : RMB	789	7.1214	3,162
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	(\$ 1,194)	7.1214	(\$ 4,996)
Three months ended September 30, 2018			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	30.525	\$ 27,545
USD : RMB	( 3,565)	6.8814	( 16,557)
USD : MMK	217,234	1,560	3,924
USD : IDR	428,965	14,675.48	836
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	(\$ 4,773)	6.8814	(\$ 20,009)
Nine months ended September 30, 2019			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
EUR : NTD	\$ -	33.87	(\$ 7,779)
EUR : USD	( 277)	0.9159	( 8,598)
USD : RMB	2,440	7.1214	10,628
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	(\$ 2,445)	7.1214	(\$ 10,652)

Nine months ended September 30, 2018

	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	30.525	(\$ 1,859)
USD : RMB	1,163	6.8814	5,158
USD : MMK	375,395	1,560	7,356
USD : IDR	1,564,383	14,675.48	3,254
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	(\$ 12,182)	6.8814	(\$ 54,037)

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2019 and 2018 would have increased/decreased by \$4,196 and \$3,298, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the nine months ended September 30, 2019 and 2018, the Group's borrowings at variable rate were mainly denominated in NTD, USD, SGD and RMB.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of NTD, USD, SGD and RMB had increased/decreased by 1% with all other variables held constant, profit, net of tax for the nine months ended September 30, 2019 and 2018 would have decreased/increased by \$30,477 and \$25,379, respectively. The main factor is that changes in interest expense result from floating rate borrowings.



(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of excellence are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments are past due over 30 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group considers the historical experience and industrial characteristics, whereby a default occurs when the sale and construction contract payments are past due over 1 to 2 years in line with credit risk management procedure.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On September 30, 2019, December 31, 2018 and September 30, 2018, the Group has no written-off financial assets that are still under recourse procedures.

viii. The Group used the forecastability of global boom information to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties). On September 30, 2019, December 31, 2018 and September 30, 2018, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

<u>September 30, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.0034%	\$ 1,373,727	\$ 267
Up to 90 days	0%~0.0356%	700,228	135
91 to 180 days	0%~0.0418%	127,565	11
181 to 365 days	0%~0.0923%	307,467	84
1 to 2 years	0%~45.7115%	146,504	1,307
Over 2 years	100%	120,595	120,595
Total		<u>\$ 2,776,086</u>	<u>\$ 122,399</u>

<u>December 31, 2018</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.1718%	\$ 1,776,124	\$ 565
Up to 90 days	0%~1.4256%	351,288	1,273
91 to 180 days	0%~1.6415%	98,900	1,242
181 to 365 days	0%~2.6826%	152,724	2,290
1 to 2 years	0%~47.3808%	96,777	7,797
Over 2 years	100%	129,458	129,459
Total		<u>\$ 2,605,271</u>	<u>\$ 142,626</u>

<u>September 30, 2018</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.1718%	\$ 1,639,700	\$ 1,087
Up to 90 days	0%~1.4256%	166,379	930
91 to 180 days	0%~1.6415%	122,539	1,373
181 to 365 days	0%~2.6826%	185,772	1,773
1 to 2 years	0%~30.5960%	70,918	3,038
Over 2 years	100%	105,669	105,669
Total		<u>\$ 2,290,977</u>	<u>\$ 113,870</u>

(ii) Accounts receivable in relation to sales

<u>September 30, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.0315%	\$ 1,327,343	\$ 50
Up to 90 days	0%~0.9871%	243,773	44
91 to 180 days	0%~0.9871%	26,744	7
181 to 365 days	0%~41.1485%	91,374	6,466
Over 365 days	100%	72,001	72,001
Total		<u>\$ 1,761,235</u>	<u>\$ 78,568</u>

<u>December 31, 2018</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1.2138%	\$ 1,283,899	\$ 1,153
Up to 90 days	0%~5.8324%	154,025	2,339
91 to 180 days	0%~7.5017%	43,520	740
181 to 365 days	0%~24.8094%	31,381	1,351
Over 365 days	100%	74,326	74,326
Total		<u>\$ 1,587,151</u>	<u>\$ 79,909</u>

<u>September 30, 2018</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1.2138%	\$ 1,261,743	\$ 1,222
Up to 90 days	0%~5.8324%	284,078	701
91 to 180 days	0%~5.8324%	35,639	595
181 to 365 days	0%~47.2507%	15,909	4,142
Over 365 days	100%	69,828	69,828
Total		<u>\$ 1,667,197</u>	<u>\$ 76,488</u>

(iii) Based on historical experience, the Group applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On September 30, 2019, December 31, 2018 and September 30, 2018, accounts receivable and loss allowance amounted to \$442,600 and \$408,615, \$490,992 and \$393,053, \$500,476 and \$370,254, respectively.

(iv) Due to the expected insignificant impairment, the Group applies individual assessment to evaluate expect credit loss of receivables due from construction warranties and notes receivable. On September 30, 2019, December 31, 2018 and September 30, 2018, notes and accounts receivable and loss allowance amounted to \$367,127 and \$91, \$288,926 and \$91, \$299,084 and \$0, respectively.

ix. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable (including related parties) are as follows:

	<u>2019</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1	\$ 615,679	\$ -
Reversal of impairment	12,868	-
Write-offs	( 10,612)	-
Effect of foreign exchange	( 8,262)	-
At September 30	<u>\$ 609,673</u>	<u>\$ -</u>

	2018	
	<u>Accounts receivable</u>	<u>Notes receivable</u>
At January 1_IFRS 9	\$ 378,156	\$ 8,494
Adjustments under new standards	29,297	-
Provision for (reversal of) impairment	234,259	( 8,494)
Write-offs	( 71,040)	-
Effect of foreign exchange	( 10,060)	-
At September 30	<u>\$ 560,612</u>	<u>\$ -</u>

For provisioned loss for the nine months ended September 30, 2019 and 2018, the impairment (reversal) loss arising from customers' contracts are \$12,868 and \$225,765, respectively.

(c) Liquidity risk

- i. The Group invests in financial assets measured at fair value through profit or loss in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Group's operating capital is sufficient to fulfill the Group's capital needs and it does not expect significant liquidity risk.
- ii. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2019</u>	<u>December 31, 2018</u>	<u>September 30, 2018</u>
Floating rate:			
Expiring beyond one year	\$ -	\$ 200,000	\$ 200,000
Fixed rate:			
Expiring beyond one year	-	13,938	13,845
	<u>\$ -</u>	<u>\$ 213,938</u>	<u>\$ 213,845</u>

iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities

<u>September 30, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,609,580	\$ -	\$ -	\$ -
Notes payable (including related parties)	991,807	-	-	-
Accounts payable (including related parties)	3,746,665	-	-	-
Other payables	378,248	-	-	-
Long-term borrowings	-	202,456	-	-
Lease liability	107,720	84,838	165,977	974,560

Non-derivative financial liabilities

<u>December 31, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,635,425	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,044,159	-	-	-
Accounts payable (including related parties)	4,320,299	-	-	-
Other payables	588,941	-	-	-
Bonds payable (including current portion)	11,766	-	-	-
Long-term borrowings	-	200,000	-	-

Non-derivative financial liabilities

<u>September 30, 2018</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,972,412	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,045,090	-	-	-
Accounts payable (including related parties)	4,581,243	-	-	-
Other payables	536,929	-	-	-
Bonds payable (including current portion)	46,164	-	-	-
Long-term borrowings	-	200,000	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and beneficiary certificates is included in Level 3.

B. Financial instruments not measured at fair value

Except for financial assets at fair value through profit or loss, the carrying amounts of cash and cash equivalents, notes receivable (including related parties), accounts receivable (including related parties), other receivables, other financial assets (recorded as other current assets), financial assets measured at cost, guarantee deposits paid (recorded as other current and non-current assets), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), other payables, lease liability, bonds payable (including current portion), long-term borrowings and guarantee deposits received (recorded as other non-current liabilities, others) are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets are as follows:

(a) The related information of nature of the assets is as follows:

<u>September 30, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 58,200	\$ -	\$ 458,248	\$ 516,448
Beneficiary certificates	-	-	2,757	2,757
Hybrid instruments	-	-	33,043	33,043
Total	<u>\$ 58,200</u>	<u>\$ -</u>	<u>\$ 494,048</u>	<u>\$ 552,248</u>

<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 102,936	\$ -	\$ 379,824	\$ 482,760
Hybrid instruments	<u>-</u>	<u>-</u>	<u>23,652</u>	<u>23,652</u>
Total	<u>\$ 102,936</u>	<u>\$ -</u>	<u>\$ 403,476</u>	<u>\$ 506,412</u>
<u>September 30, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 143,143	\$ -	\$ 297,808	\$ 440,951
Hybrid instruments	<u>-</u>	<u>-</u>	<u>23,651</u>	<u>23,651</u>
Total	<u>\$ 143,143</u>	<u>\$ -</u>	<u>\$ 321,459</u>	<u>\$ 464,602</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

Instruments which use market quoted prices as their fair value (that is, Level 1), are using the closing prices of listed shares as market quoted prices based on characteristics of the instruments.

- D. For the nine months ended September 30, 2019 and 2018, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the nine months ended September 30, 2019 and 2018:

	<u>2019</u>		<u>2018</u>	
	<u>Equity instruments</u>	<u>Hybrid instruments</u>	<u>Equity instruments</u>	<u>Hybrid instruments</u>
At January 1	\$ 379,824	\$ 23,652	\$ -	\$ 210
Acquired in the period	50,867	12,313	298,441	23,646
Sold in the period	-	-	( 1,075)	-
Gains and losses recognized in profit or loss (Note)	<u>30,314</u>	<u>( 2,922)</u>	<u>442</u>	<u>( 205)</u>
Total	<u>\$ 461,005</u>	<u>\$ 33,043</u>	<u>\$ 297,808</u>	<u>\$ 23,651</u>

Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the period (Note)	<u>\$ 30,314</u>	<u>(\$ 2,916)</u>	<u>\$ 442</u>	<u>(\$ 205)</u>
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Note: Recorded as non-operating income and expense.

- F. For the nine months ended September 30, 2019 and 2018, there was no transfer into or out from Level 3.
- G. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 422,923	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares	38,082	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond	33,043	Market comparable companies	Note 1	Not applicable	Note 2



	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 344,499	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares	35,325	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond – call provision	6	Binomial tree pricing model	Volatility	38.01%~48.01%	The higher the stock price volatility, the higher the fair value
Convertible bond	23,646	Market comparable companies	Note 1	Not applicable	Note 2
	Fair value at September 30, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 259,155	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares	38,653	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond – call provision	5	Binomial tree pricing model	Volatility	26.36%~36.46%	The higher the stock price volatility, the higher the fair value
Convertible bond	23,646	Market comparable companies	Note 1	Not applicable	Note 2

Note 1: Price to earnings ratio multiple, price to book ratio multiple, enterprise value to operating income ratio multiple, enterprise value to EBITA multiple, discount for lack of marketability.

Note 2: The higher the multiple and control premium, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value.

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			September 30, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Stock price	± 10%	\$ 46,101	(\$ 46,101)	\$ -	\$ -
			December 31, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Stock price	± 10%	\$ 37,982	(\$ 37,982)	\$ -	\$ -
Convertible bond						
- call provision	Stock price	± 10%	30	( 20)	-	-
"	Volatility	± 5%	40	( 30)	-	-
Total			\$ 38,052	(\$ 38,032)	\$ -	\$ -
			September 30, 2018			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Stock price	± 10%	\$ 29,781	(\$ 29,781)	\$ -	\$ -
Convertible bond						
- call provision	Stock price	± 10%	20	-	-	-
"	Volatility	± 5%	30	( 10)	-	-
Total			\$ 29,831	(\$ 29,791)	\$ -	\$ -

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

- C. Holding of marketable securities at the end of the period (not including subsidiaries and associates): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions.

The Group is divided into the following 4 segments:

- A. Agency for equipment materials segment: mainly engaged in semiconductor, optoelectronics and other high-tech industrial processing and trading, distribution, after-sale service and technical support of factory equipment and its materials, chemicals and parts.
- B. Process system and mechatronic system service segment: mainly contracting electrical, clean room, peripheral system facilities and process, engaged in lump sum contracts, providing integrated services consisting of planning, design, construction, supervision, installation, testing, operational consulting, maintenance and repair for gas, automatic supply system of chemicals, special gas and factory monitor system. Services for general industries such as petrochemical plant, conventional industry plant, mechatronic system for intelligent buildings.
- C. Customized equipment manufacturing segment: mainly engaged in research and development of customized automation equipment and process based on request of customers in semiconductor, optoelectronics and traditional industry.

D. Other segments: mainly providing repair, cleaning and renewal services to customers' equipment and device in semiconductor, optoelectronics and traditional industry.

(2) Measurement of segment information

Management evaluates the performance of the operating segments based on their operational efficiency. The Group's Chief Operating Decision-Maker allocates resources and assesses performance of the operating segments based on the measurement and it is measured in a manner consistent with operating income in the consolidated statement of comprehensive income. There is no material change in the operating segments' accounting policies and accounting estimates and assumptions.

(3) Segment profit information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments for the nine months ended September 30, 2019 and 2018 is as follows:

	Nine months ended September 30, 2019				
	Sales and services for equipment materials segment	Facility system and mechanic & electric system service segment	Customized equipment manufacturing segment	Other segments	Total
Revenue from external customers	\$ 2,892,667	\$ 9,785,616	\$ 4,865,801	\$ -	\$ 17,544,084
Inter-segment revenue	105,063	113,724	8,085	3,678	230,550
Total segment revenue	<u>\$ 2,997,730</u>	<u>\$ 9,899,340</u>	<u>\$ 4,873,886</u>	<u>\$ 3,678</u>	<u>\$ 17,774,634</u>
Segment profit (loss)	<u>\$ 296,852</u>	<u>(\$ 16,798)</u>	<u>\$ 308,913</u>	<u>(\$ 3,511)</u>	<u>\$ 585,456</u>
Segment profit including:					
Depreciation and amortisation	<u>\$ 30,884</u>	<u>\$ 110,922</u>	<u>\$ 117,365</u>	<u>\$ 2,934</u>	<u>\$ 262,105</u>
	Nine months ended September 30, 2018				
	Sales and services for equipment materials segment	Facility system and mechanic & electric system service segment	Customized equipment manufacturing segment	Other segments	Total
Revenue from external customers	\$ 2,738,176	\$ 10,765,420	\$ 4,852,246	\$ 458	\$ 18,356,300
Inter-segment revenue	121,098	117,119	3,205	4,617	246,039
Total segment revenue	<u>\$ 2,859,274</u>	<u>\$ 10,882,539</u>	<u>\$ 4,855,451</u>	<u>\$ 5,075</u>	<u>\$ 18,602,339</u>
Segment profit (loss)	<u>\$ 250,386</u>	<u>\$ 252,044</u>	<u>\$ 303,427</u>	<u>(\$ 3,874)</u>	<u>\$ 801,983</u>
Segment profit including:					
Depreciation and amortisation	<u>\$ 9,409</u>	<u>\$ 45,613</u>	<u>\$ 43,121</u>	<u>\$ 2,698</u>	<u>\$ 100,841</u>

(4) Reconciliation for segment income (loss)

Sales and services between segments are carried out at arm's length. The revenue and financial information from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax from continuing operations for the nine months ended September 30, 2019 and 2018 is provided as follows:

	Nine months ended September 30,	
	2019	2018
Reportable segments income	\$ 588,967	\$ 805,857
Other reportable segments loss	( 3,511)	( 3,874)
Total segments	585,456	801,983
Other gains and losses	170,179	144,328
Finance costs	( 64,891)	( 46,631)
Income before tax from continuing operations	<u>\$ 690,744</u>	<u>\$ 899,680</u>

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Loans to others

For the nine months ended September 30, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2019 (Note 3)	Balance at September 30, 2019 (Note 8)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for bad debts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	Marketech International Corp.	eZoom Information, Inc.	Other receivables	Y	\$ 50,000	\$ -	\$ -	-	Short-term financing	\$ -	Operations	\$ -	None	-	\$ 2,263,423	\$ 2,263,423	Note 7
0	Marketech International Corp.	Marketech Integrated Pte. Ltd	Other receivables	Y	27,808	27,298	27,298	4.616	Short-term financing	-	Operations	-	None	-	2,263,423	2,263,423	Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	54,959	39,203	39,203	4.785-5.0025	Short-term financing	-	Operations	-	None	-	205,479	410,958	Note 7
1	MIC-Tech Electronics Engineering Corp.	Fuzhou Jiwei System Integrated Co., Ltd.	Other receivables	Y	3,206	1,742	1,742	5.0025	Short-term financing	-	Operations	-	None	-	410,958	410,958	Note 7
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	Other receivables	Y	64,119	-	-	-	Short-term financing	-	Operations	-	None	-	410,958	410,958	Note 7
2	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Other receivables	Y	50,369	47,915	47,915	4.785-5.0025	Short-term financing	-	Operations	-	None	-	300,194	300,194	Note 7
3	Marketech Integrated Manufacturing Co., Ltd.	Marketech Integrated Construction Co., Ltd.	Other receivables	Y	6,164	-	-	-	Short-term financing	-	Operations	-	None	-	149,108	298,217	Note 7
4	MIC-Tech Viet Nam Co., Ltd.	Market Tech Co., Ltd	Other receivables	Y	3,660	3,660	3,660	6.25	Short-term financing	-	Operations	-	None	-	22,713	22,713	Note 7

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the nine-month period ended September 30, 2019

Note 4: The column of "Nature of loan" shall fill in "Business transaction or "Short-term financing".

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

The Company's ceiling on loans to others are as follows:

(1) Limit on the total loans to others provided by the Company is 40% of the net assets based on the Company's latest financial statements.

(2) Limit on the loans provided by the Company granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

(3) Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company is not under the limit stated on (1). However, it shall make the limit and period for the loans to others in each subsidiary's internal Companies. procedures based on Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Limit on the loans provided by the Company's mainland subsidiaries:

(1) Limit on the total loans to others provided by the Company's mainland subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's mainland subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's mainland subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company's mainland subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Myanmar subsidiaries:

(1) Limit on the total loans to others provided by the Company's Myanmar subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Myanmar subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Myanmar subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company's Myanmar subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Limit on the loans provided by the Company's Vietnam subsidiaries:

(1) Limit on the total loans to others provided by the Company's Vietnam subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.

(2) Limit on the loans provided by the Company's Vietnam subsidiaries granted for a single party are as follows:

(2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.

(2-2) For short-term financing between the Company's Vietnam subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.

(2-3) For short-term financing between the Company's Vietnam subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment.

In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the nine months ended September 30, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 5)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2019 (Note 6)	Outstanding endorsement/ guarantee amount at September 30, 2019	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/ guarantees to the party in Mainland China (Note 8)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Marketch International Corp.	Marketch Integrated Pte. Ltd.	2	\$ 2,829,279	\$ 36,484	\$ 17,809	\$ 7,280	\$ -	0.31%	\$ 5,658,558	Y	N	N	Note 4
0	Marketch International Corp.	eZoom Information, Inc.	2	2,829,279	120,000	120,000	19,331	-	2.12%	5,658,558	Y	N	N	Note 4
0	Marketch International Corp.	Marketch International Corporation USA	2	2,829,279	125,560	124,080	-	-	2.19%	5,658,558	Y	N	N	Note 4
0	Marketch International Corp.	Marketch International Sdn. Bhd.	2	2,829,279	245,720	124,080	267	-	2.19%	5,658,558	Y	N	N	Note 4
0	Marketch International Corp.	MIC-Tech (WuXi) Co., Ltd.	2	2,829,279	312,840	307,098	285,384	-	5.43%	5,658,558	Y	N	Y	Note 4
0	Marketch International Corp.	MIC-Tech (Shanghai) Corp.	2	2,829,279	1,096,052	836,608	39,380	-	14.78%	5,658,558	Y	N	Y	Note 4
0	Marketch International Corp.	MIC-Tech Electronics Engineering Corp.	2	2,829,279	1,571,232	1,571,232	842,298	-	27.77%	5,658,558	Y	N	Y	Note 4
0	Marketch International Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	2	2,829,279	507,461	325,076	156,973	-	5.74%	5,658,558	Y	N	Y	Note 4
0	Marketch International Corp.	Special Triumph Sdn. Bhd.	5	2,829,279	12,741	-	-	-	-	5,658,558	N	N	N	Note 4
1	Marketch Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	4	57,770	7,933	-	-	-	-	57,770	N	N	N	Note 4
2	MIC-Tech Electronics Engineering Corp.	Marketch International Corp.	3	1,541,901	524,704	524,704	524,704	-	102.14%	2,568,485	N	Y	N	Note 4
2	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	5	1,541,901	71,915	-	-	-	-	2,568,485	N	N	Y	Note 4
2	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	4	1,541,901	110,420	104,496	104,496	-	20.34%	2,568,485	N	N	Y	Note 4
3	MIC-Tech (Shanghai) Corp.	MIC-Tech Electronics Engineering Corp.	4	1,125,726	634,511	600,467	600,467	-	160.02%	1,876,210	N	N	Y	Note 4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Limit on endorsements and guarantees stated in "Regulations Governing Lending of Funds and Making of Endorsements/ Guarantees by Public Companies":

(1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.

(2) Except for guarantees for contracting constructions, limit on the Company's accumulated endorsement/guarantee is the Company's net assets; limit on endorsement/guarantee to a single party is 50% of the Company's net assets. Limit on the total endorsement/guarantee of the Company and its subsidiaries as a whole is 1.5 times of the Company's net assets; limit on endorsement/guarantee to a single party is 75% of the Company's net assets.

Limit on endorsements and guarantees of the Group's subsidiary - Marketech Co., Ltd.:

(1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of Marketech Co., Ltd. Limit on endorsement/guarantee to a single party is three times of the net assets of Marketech Co., Ltd..

(2) Except for (1), the Group follows standards of endorsements and guarantees as below:

(2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 10 times of the net assets of Marketech Co., Ltd.;

(2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the Company's net assets. However, the endorsements and guarantees of Marketech Co., Ltd. to the Company which it holds 100% of voting shares are not subjected.

(2-1-3) Total endorsements and guarantees of Marketech Co., Ltd. and its subsidiaries are limited to 10 times of the net assets of Marketech Co., Ltd..

(2-2) Limit on endorsement/guarantee to a single party

(2-2-1) For the companies having business relationship with Marketech Co., Ltd. and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchase or sales)

(2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 10 times of the net assets of Marketech Co., Ltd..

Limit on endorsements and guarantees of the Group's subsidiary - MIC-Tech Electronics Engineering Corp. and MIC-Tech (Shanghai) Corp.:

(1) In accordance with mutual guarantee requirement in the same industry or the common builders for contracting constructions, or provision of endorsements and guarantees for joint ventures from shareholders in proportion to shareholding ratio, limit on the total amount is 5 times of the net assets of the endorser/guarantor on endorsement/guarantee to a single party is three times of the net assets of the endorser/guarantor.

(2) Except for (1), the Group follows standards of endorsements and guarantees as below:

(2-1) Total amount: (2-1-1) Limit on the accumulated endorsements and guarantees is 5 times of the net assets of the endorser/guarantor;

(2-1-2) Limit on endorsements and guarantees to a company of which the endorser company and the Company directly or indirectly holds 90%, should meet the requirement in (2-1-1) and may not exceed 10% of the ultimate parent's net assets.

(2-1-3) Total endorsements and guarantees of the endorser/guarantor and its subsidiaries are limited to 5 times of the net assets of the endorser/guarantor.

(2-2) Limit on endorsement/guarantee to a single party

(2-2-1) For the companies having business relationship with the endorser/guarantor and thus being provided endorsements/guarantees, limit on endorsements to a single party is the total value of business transactions within past 12 months. (the value of business transactions is the higher of purchase or sales)

(2-2-2) Limit on endorsement/guarantee to a single party who having business relationship with the Group is 3 times of the net assets of the endorser/guarantor.

Note 5: Fill in the six months-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 6: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 7: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 8: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.



## MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the nine months ended September 30, 2019

Table 3

 Expressed in thousands of NTD  
 (Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of September 30, 2019					
					Number of shares	Book value (Note 2)	Ownership (%)	Fair value	Collateral	Footnote
Marketech International Corp.	Ordinary shares	Lasertec Corporation	None	Financial assets measured at fair value through profit or loss - current	20,000	\$ 38,897	-	\$ 38,897	None	
"	"	Solar Applied Materials Technology Corp.	"	"	44,078	1,038	-	1,038	"	
"	"	Aerospace Industrial Development Corp.	"	"	25,925	836	-	836	"	
"	"	Calitech Co., Ltd.	"	"	132,199	3,953	0.42%	3,953	"	
						<u>\$ 44,724</u>		<u>\$ 44,724</u>		
"	Ordinary shares	Taiwan Colour & Imaging Technology Corp.	None	Financial assets measured at fair value through profit or loss - non-current	1,700,000	\$ 1,729	12.59%	\$ 1,729	None	
"	"	Highlight Tech Corp.	"	"	453,000	11,144	0.46%	11,144	"	
"	"	Ennoconn Corporation	Ultimate parent company	"	10,624	2,332	0.01%	2,332	"	
"	"	WINGS GLOBAL TECHNOLOGY INC.	None	"	750,000	13,743	18.75%	13,743	"	
"	"	Promos Technologies, Inc.	"	"	250,331	-	0.56%	-	"	
"	"	Taiwan Puritic Corp.	"	"	6,191,181	190,230	10.32%	190,230	"	
"	"	SOPOWER Technology Corp.	"	"	189,223	-	12.61%	-	"	
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32%	-	"	
"	"	Taiwan Intelligent Fiber Optic Network Co., Ltd.	"	"	3,868,261	23,133	1.41%	23,133	"	
"	"	H&D Venture Capital Investment Corp.	Entities controlled by key management or entities with significant influence	"	499,200	4,992	6.67%	4,992	"	
"	"	Civil Tech Pte. Ltd.	None	"	336,374	5,922	0.58%	5,922	"	
"	"	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	"	966,000	9,852	3.46%	9,852	"	
"	"	Top Green Energy Technologies, Inc.	None	"	1,111,111	-	0.89%	-	"	
"	"	IP Fund Six Co., Ltd.	"	"	1,000,000	10,000	1.79%	10,000	"	
"	"	Imorich Venture Capital Corp.	"	"	1,000,000	10,000	1.87%	10,000	"	
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	3,693	2.24%	3,693	"	
"	"	Long Time Technology Corp.	"	"	346,000	9,443	0.29%	9,443	"	
"	"	Paradigm Venture Capital Corp.	"	"	90,187	902	3.50%	902	"	
"	"	Taiwan Special Chemicals Corp.	"	"	4,401,333	65,013	1.51%	65,013	"	
"	"	Atech Totalsolution Co., Ltd.	"	"	128,000	-	0.23%	-	"	
"	"	East Wind Life Science Systems	"	"	124,457	-	12.87%	-	"	
"	"	EcoLand Corp.	"	"	310,715	-	13.51%	-	"	
"	"	Kcashin Technology Corporation	"	"	642,500	10,000	19.01%	10,000	"	
"	"	Radisen Co., Ltd.	"	"	87,803	6,219	19.41%	6,219	"	
"	"	Foresight Energy Technologies Co., Ltd.	"	"	1,350,000	5,571	4.09%	5,571	"	
"	"	MYCROPORE CORPORATION LTD.	"	"	400,000	10,000	2.48%	10,000	"	
"	"	First-EliteEnterprise co. Ltd	"	"	333,000	23,310	6.34%	23,310	"	
"	"	Sum Capital Healthcare Investment Corp. (BE Healthcare Investment Co., Ltd.)	Entities controlled by key management or entities with significant influence	"	943,050	9,431	7.44%	9,431	"	
"	"	Intellicares Co., Ltd	"	"	200,000	35	19.99%	35	"	
"	"	Forward Science Corp.	"	"	2,000,000	20,941	10.00%	20,941	"	
"	Convertible bonds	HALLY'S CORPORATION	None	"	-	20,730	-	20,730	"	
"	"	Radisen Co., Ltd.	"	"	-	12,313	-	12,313	"	
"	"	Nitride Solutions Inc.	"	"	-	-	-	-	"	
"	Preferred stock	Adant Technologies Inc.	"	"	174,520	-	Note3	-	"	
"	"	Kinestral Technologies, Inc.	"	"	501,532	24,089	"	24,089	"	
"	Beneficiary certificates	Vertex Growth (SG) LP	"	"	-	2,757	-	2,757	"	
MIC-Tech (Shanghai) Corp. Ltd.	Ordinary shares	MIC-Tech (Beijing) Environment Co.	Entities controlled by key management or entities with significant influence	"	-	-	19.00%	-	"	
		Total				<u>\$ 507,524</u>		<u>\$ 507,524</u>		

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 3: Holding preferred stock.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES  
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more  
For the nine months ended September 30, 2019

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Marketech International Corp.	Hong Kong Ennopower Information Technology Co., Limited	Other related parties	Sales (Note 2)	\$ 239,359	1.88%	Note 1	\$ -	-	\$ 136,056	4.21%	
MIC-Tech Electronics Engineering Corp.	Shenzhen Hyper Power Information Technology Co., Ltd.	Entities controlled by key management or entities with significant influence	Sales (Note 2)	150,295	6.06%	Note 1	-	-	51,602	5.69%	
Shanghai Maohua Electronics Engineering Co., Ltd.	Shenzhen Hyper Power Information Technology Co., Ltd.	"	Sales (Note 2)	127,718	35.37%	Note 1	-	-	-	-	

Note 1: Repaid in installment based on the contract.

Note 2: Revenue arising from contracting constructions recognised based on the percentage of completion method for the nine months ended September 30, 2019.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more  
 September 30, 2019

Table 5

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2019		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Loss allowance
			(Note 1)			Amount	Action taken		
Marketech International Corp.	Hong Kong Ennopower Information Technology Co., Limited	Other related parties	\$	136,056	Not applicable	\$	-	\$	- (\$ 1)

Note : Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties...

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the nine months ended September 30, 2019

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Sales contract revenue	\$ 18,839	Sales revenue: Prices and terms of sales of goods to related parties are approximately the same to third parties. A certain percentage of profit is negotiated for sale of services with related parties. Construction revenue: The price of construction charges to related parties and third parties are based on normal construction contracts or individual agreements. Furthermore, the collection terms to related parties are approximately the same to third parties, which is about 2 to 3 months after inspection of constructions depending on the construction contracts or individual agreements.	0.11%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	15,456		0.09%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Construction contract revenue	18,458		0.11%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Non-operating revenue	7,291		0.04%
0	Marketech International Corp.	eZoom Information, Inc.	1	Construction contract revenue	18,392		0.10%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Other receivables	27,421		0.15%
1	eZoom Information, Inc.	Marketech International Corp.	2	Services contract revenue	21,873		0.12%
2	MIC-Tech Global Corp.	Marketech International Corp.	2	Sales contract revenue	81,869		0.47%
2	MIC-Tech Global Corp.	Marketech International Corp.	2	Accounts receivable	9,839		0.05%
3	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	3	Other receivables	39,203		0.21%
4	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction contract revenue	46,806		0.27%
4	Shanghai Maohua Electronics Engineering Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Accounts receivables	6,103		0.03%
5	MIC-Tech (Shanghai) Corp.	Marketech International Corp.	2	Accounts payable	6,160		0.03%
5	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	3	Other receivables	47,915		0.25%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Individual amounts less than \$5,000 are not disclosed.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investees

For the nine months ended September 30, 2019

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at September 30, 2019			Net profit (loss) of the investee for the nine months ended September 30, 2019	Investment income (loss) recognised by the Company for the nine months ended September 30, 2019 (Note 1)	Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	\$ 215,087	\$ 215,087	9,235,678	100	(\$ 49,814)	(\$ 65,795)	(\$ 65,795)	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,298,124	1,282,562	40,069,104	100	1,210,575	150,754	150,754	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	5,876	( 349)	( 349)	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	39,149	( 101)	( 101)	The Company's subsidiary
Marketech International Corp.	Tiger United Finance Ltd.	Virgin Islands	Investment holding and reinvestment	46,475	46,475	1,410,367	100	38,119	( 69)	( 69)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	20,902	10,129	894,987	100	8,407	( 17,914)	( 17,914)	The Company's subsidiary
Marketech International Corp.	Marketech Integrated Manufacturing Co., Ltd.	Myanmar	Design, manufacturing, installation of automatic production equipment and its parts	469,102	438,298	1,503,600	100	372,771	( 21,421)	( 21,421)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Vietnam	Trading, installation and repair of various machinery equipment and its peripherals	39,345	39,345	-	100	28,391	370	370	The Company's subsidiary
Marketech International Corp.	Marketech Co., Ltd.	Vietnam	Specialized contracting and related repair services; equipment sales and repair; sales of cosmetics and daily necessities	45,246	45,246	-	100	5,777	( 5,495)	( 5,495)	The Company's subsidiary
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	195,737	195,737	20,000,000	100	128,084	( 24,863)	( 24,863)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services	87,021	87,021	12,242,750	100	64,633	( 992)	( 992)	The Company's subsidiary
Marketech International Corp.	Marketech International Corporation USA	USA	Specialized contracting and related repair services	23,265	-	750,000	100	20,426	( 2,842)	( 2,842)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note 2)		Shares held as at September 30, 2019			Net profit (loss) of the investee for the nine months ended September 30, 2019	Investment income (loss) recognised by the Company for the nine months ended September 30, 2019 (Note 1)	Footnote
				Balance as at September 30, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	ADAT Technology Co., Ltd.	Taiwan	The research, development, application, and service of software; supply of electronic information and the buying and selling of equipment	\$ 20,000	\$ 20,000	2,000,000	29.41	\$ 5,753	(\$ 25,017)	(\$ 7,505)	The Company's subsidiary
Marketech International Corp.	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	38,042	38,042	1,199,000	99.92	36,756	( 1,623)	( 1,623)	The Company's subsidiary
Marketech International Corp.	Marketech Netherlands B.V	Netherlands	International trade business of machine and components and technical service	21,070	10,671	600,000	100	11,211	( 5,204)	( 5,204)	The Company's subsidiary
Marketech International Corp.	Glory Technology Service Inc.	Taiwan	Sale and installation of information and communication equipment	42,714	42,714	5,510,305	29.24	61,204	12,739	3,725	The Company's investee accounted for using equity method
Marketech International Corp.	MIC Techno Co., Ltd.	Taiwan	Sale of panels and its materials	2,000	2,000	200,000	20	1,835	( 36)	( 7)	The Company's investee accounted for using equity method
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,292,627	1,277,065	39,966,604	100	1,208,895	150,818	-	The investor's subsidiary
Marketech Engineering Pte Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Contracting for electrical installing construction	19,342	8,569	63,500	97.69	8,180	( 18,365)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Hong Kong	Investment holding and reinvestment	34,551	34,551	833,000	100	( 12,511)	( 2,682)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	31,422	31,422	2,337,608	100	5,238	( 38)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Hong Kong	Investment holding and reinvestment	132,282	132,282	5,400,000	60	55,812	( 8,589)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment holding and reinvestment	8,990	8,990	303,000	31.43	( 4,893)	( 1,487)	-	The investor's investee accounted for using equity method
MIC-Tech Ventures Asia Pacific Inc.	Fortune Blessing Co., Limited	Hong Kong	Investment holding and reinvestment	15,563	-	500,000	27.78	14,664	( 1,801)	-	The investor's investee accounted for using equity method
Rusky H.K. Limited	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	32	32	1,000	0.08	31	( 1,623)	-	The investor's investee accounted for using equity method

Note 1: The amount of \$0 means that the Company does not directly recognise gain or loss on investments.

Note 2: Except for subsidiaries in Malaysia which are translated at the current rate as of September 30, 2019, the initial investment amounts of other investees are translated at the current rate as of the investment date.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the nine months ended September 30, 2019

Table 8

1. Basic information

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2019 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019 (Note 3)	Net income of investee for the nine months ended September 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2019 (Note 2)	Book value of investments in Mainland China as of September 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech (WuXi) Co., Ltd.	Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembling of wrapping device and cooling equipment; assembling of barbecue grill; wholesale, commission agency and import and export of the aforementioned products their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants; design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system, manufacturing and sales of medical devices.	\$ 791,010	Note 1(2)	\$ 635,910	\$ -	\$ -	\$ 635,910	(\$ 1,678)	100	(\$ 1,241)	\$ 33,437	\$ -	Note 2 (2)B
MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area	255,636	Note 1(2)	15,510	-	-	15,510	34,372	100	34,372	375,242	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	9,306	Note 1(2)	9,306	-	-	9,306	( 591)	100	( 591)	( 1,559)	-	Note 2 (2)B
Shanghai Maohua Electronics Engineering Co., Ltd.	Production of scrubber bins for semiconductor manufacturers, design, installation, debugging and technology services of tunnel system, equipment repair for semiconductor manufacturers, consulting service for electrical and medical equipment; wholesale, commissioned distribution (exclude auction), export, import and related services of electronic products, machinery equipment, chemical products (exclude dangerous articles), communication equipment, metal products, plastic products	18,612	Note 1(2)	18,705	-	-	18,705	( 3,004)	\$ 87	( 2,613)	( 14,835)	-	Note 2 (2)B
MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; construction of chemical and petroleum projects; construction of public municipal infrastructure projects; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting. Building equipment, building materials (excluding steel and cement), electronic products, chemical products (excluding hazardous products), metal products, electrical equipment, wholesale of communications equipment, commission-based agency (excluding auctions) and import-export business, and delivery of all related and supplementary services	546,541	Note 1(2)	264,290	-	-	264,290	110,784	100	110,784	513,697	-	Note 2 (2)B
SKMIC (WUXI) Corp.	Design, installation and repairment of semi-conductor and transistor facilities, electronic components facilities and pollution prevention equipment, as well as wholesale, commission agent and export/import business of products listed above, industrial cleaning, repairment and maintenance.	9,461	Note 1(2)	1,520	-	-	1,520	( 123)	49	( 61)	-	-	Note 2 (2)B and 4
ChenGao M&E Engineering (Shanghai) Co., Ltd.	Design of microelectronic products and display devices, consulting service for related technology and management	6,204	Note 1(2)	6,204	-	-	6,204	( 27)	100	( 27)	( 599)	-	Note 2 (2)B
Frontken-MIC (Wuxi) Co., Ltd.	Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductors, assembling, installation and maintenance of cooling equipment; design, manufacture, sale and installation of automatic warehouse equipment and fittings, and automatic logistics transporting equipment and fittings; development, sale and installation of computer aided engineering; wholesale, commission, import and export of above products and parts	71,594	Note 1(2)	28,638	-	-	28,638	( 38)	100	( 38)	5,217	-	Note 2 (2)B

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2019 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019 (Note 3)	Net income of investee for the nine months ended September 30, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2019 (Note 2)	Book value of investments in Mainland China as of September 30, 2019	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device; sells the products that manufactured by itself; machinery equipment, research and development, transfer, consulting and service of semiconductor-related technology; processing of metal salvage and junk (except for hazardous chemicals and hazardous waste); metallic material (except for steels and noble metal), ceramic product, paper products and wholesale, retail and import and export of hardware products.	\$ 217,140	Note 1(2)	\$ 83,754	\$ 37,224	\$ -	\$ 120,978	(\$ 8,650)	60	(\$ 5,190)	\$ 54,984	\$ -	Note 2 (2)B
MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, consulting service for trading, installation, repair, and maintenance of automation equipment, electronic equipment, and their parts	46,530	Note 1(2)	46,530	-	-	46,530	( 3,645)	100	( 3,645)	14,534	-	Note 2 (2)B
Macrotec Technology (Shanghai) Co., Ltd.	Wholesale, commission agency, import and export and other complementary service of electrical products, food, textile, commodities, cosmetics, valve switch, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area	29,683	Note 1(2)	9,329	-	-	9,329	( 1,487)	31.43	( 467)	( 4,896)	-	Note 2 (2)C
Fortune International Corporation	Research and development, design, manufacturing, sales, installation and repair services of semiconductor-related devices, equipment and materials; research and development, transfer, consulting and service of semiconductor-related technology; supply chain management service; self-operation and agency of import and export business of various products and technologies; property management service; industrial park management service; accommodation service; retail of articles of daily use, food and beverages; venue rental; enterprise management service; conference and exhibition services; warehousing service; handling and transportation agency services	37,224	Note 1(2)	-	15,510	-	15,510	( 1,743)	27.78	( 484)	9,511	-	Note 2 (2)C

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in Market Go Profits Ltd., which then invested in the investee in Mainland China.
- (3) Others.

Note 2: In the 'Investment income (loss) recognised by the Company for the nine months ended September 30, 2019' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
  - A. The financial statements that were reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
  - B. The financial statements that were reviewed and attested by R.O.C. parent company's CPA.
  - C. Others - unreviewed financial statements.

Note 3: Paid-in capital and investment amount were translated at the original currency times exchange rate at period end.

## 2. Limit on investees in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019 (Note 1) (Note 2)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Marketech International Corp.	\$ 1,184,647	\$ 2,041,642	\$ 3,424,978

Note 1: The amount was translated at the original currency times exchange rate at period end.

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 3: The liquidation of TPP-MIC (WuXi) Co., Ltd. was completed in November, 2015. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2019 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 4: SKMIC (WUXI) Corp. has completed the liquidation process in June 2019.