

**MARKETECH INTERNATIONAL CORP.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
September 30, 2017 AND 2016**

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of
Marketch International Corp.

We have reviewed the accompanying consolidated balance sheets of Marketch International Corp. and subsidiaries as of September 30, 2017 and 2016, 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. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements" in the Republic of China. A review consists primarily of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As explained in Notes 4(3) and 6(10), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method, which statements reflect total assets of \$814,047 thousand and \$509,985 thousand, constituting 5.56% and 3.85% of the consolidated total assets and, total liabilities of \$124,209 thousand and \$163,871 thousand, constituting 1.27% and 1.87% of the consolidated total liabilities as of September 30, 2017 and 2016, respectively, and total comprehensive income (loss) of (\$1,344) thousand, (\$29,306) thousand, (\$69,465) thousand and (\$81,502) thousand, constituting (0.96%), (22.86%), (19.25%) and (25.84%) of the consolidated total comprehensive income for the three months and nine months then ended, and the investments accounted for using equity method amounted to \$50,173 thousand and \$38,702 thousand representing 0.34% and 0.29% of the consolidated total assets as of September 30, 2017 and 2016, and total comprehensive income (loss) (including share of profit (loss) of associates and joint ventures accounted

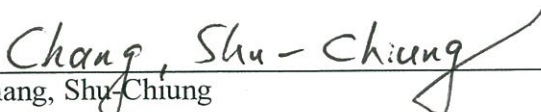
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for using equity method and share of other comprehensive income of associates and joint ventures accounted for using equity method) of \$1,612 thousand, \$1,475 thousand, \$2,962 thousand and \$3,208 thousand, constituting 1.15%, 1.15%, 0.82% and 1.02% of the consolidated total comprehensive income for the three months and nine months then ended. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of September 30, 2017 and 2016.

Based on our reviews, except for the effect of such adjustments if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries, investments accounted for using the equity method and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the “Rules Governing the Preparation of Financial Statements 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 2, 2017

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, 2017 and 2016 are reviewed, not audited)

Assets	Notes	September 30, 2017		December 31, 2016		September 30, 2016		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,598,917	11	\$ 1,752,244	12	\$ 1,922,781	14
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		14,228	-	7,297	-	7,279	-
1125	Available-for-sale financial	6(3)						
	assets - current		41,964	-	63,853	-	91,144	1
1150	Notes receivable, net	6(4)	124,274	1	213,014	2	95,581	1
1170	Accounts receivable, net	6(5)(8)	3,727,002	25	4,019,113	29	3,377,464	26
1180	Accounts receivable - related	7						
	parties, net		2,031	-	417	-	21	-
1190	Construction contracts	6(8) and 7						
	receivable		3,176,938	22	2,868,149	20	2,483,277	19
1200	Other receivables		25,745	-	16,083	-	18,561	-
130X	Inventories, net	6(6)	2,891,644	20	2,621,278	19	2,576,319	19
1410	Prepayments	6(7)	613,334	4	456,297	3	507,916	4
1470	Other current assets	8	209,293	1	160,570	1	251,910	2
11XX	Total current assets		<u>12,425,370</u>	<u>84</u>	<u>12,178,315</u>	<u>86</u>	<u>11,332,253</u>	<u>86</u>
Non-current assets								
1543	Financial assets at cost - non-	6(9)						
	current		245,815	2	256,628	2	257,977	2
1550	Investments accounted for	6(10)						
	using equity method		50,173	-	37,679	-	38,702	-
1600	Property, plant and equipment,	6(11), 7						
	net	and 8	1,686,559	12	1,388,586	10	1,386,650	10
1780	Intangible assets	7	22,331	-	21,619	-	17,556	-
1840	Deferred tax assets		116,575	1	113,923	1	112,589	1
1900	Other non-current assets	6(9)	105,909	1	86,032	1	86,232	1
15XX	Total non-current assets		<u>2,227,362</u>	<u>16</u>	<u>1,904,467</u>	<u>14</u>	<u>1,899,706</u>	<u>14</u>
1XXX	Total Assets		<u>\$ 14,652,732</u>	<u>100</u>	<u>\$ 14,082,782</u>	<u>100</u>	<u>\$ 13,231,959</u>	<u>100</u>

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2017		December 31, 2016		September 30, 2016		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12) and 8	\$ 1,869,220	13	\$ 1,913,374	14	\$ 2,033,715	15
2150	Notes payable		858,197	6	858,675	6	753,896	6
2170	Accounts payable		3,681,807	25	3,447,773	25	3,088,973	23
2180	Accounts payable - related parties	7	6,443	-	13,565	-	11,262	-
2190	Construction contracts payable	6(8)	1,541,303	11	1,325,311	9	1,227,368	9
2200	Other payables	6(13)	418,983	3	455,018	3	382,254	3
2230	Current tax liabilities		45,015	-	93,751	1	56,903	1
2310	Advance receipts	6(14)	753,358	5	724,461	5	570,307	4
2399	Other current liabilities, others		28,165	-	13,428	-	19,858	-
21XX	Total current liabilities		<u>9,202,491</u>	<u>63</u>	<u>8,845,356</u>	<u>63</u>	<u>8,144,536</u>	<u>61</u>
Non-current liabilities								
2530	Bonds payable	6(15)	203,074	2	477,153	3	475,017	4
2540	Long-term borrowings	6(16)	200,000	1	-	-	-	-
2570	Deferred tax liabilities		403	-	10,350	-	10,408	-
2640	Accrued pension liabilities		143,250	1	144,643	1	129,034	1
2670	Other non-current liabilities, others		78	-	85	-	86	-
25XX	Total non-current liabilities		<u>546,805</u>	<u>4</u>	<u>632,231</u>	<u>4</u>	<u>614,545</u>	<u>5</u>
2XXX	Total Liabilities		<u>9,749,296</u>	<u>67</u>	<u>9,477,587</u>	<u>67</u>	<u>8,759,081</u>	<u>66</u>
Equity								
Share capital								
3110	Ordinary shares	6(19)	1,764,723	12	1,650,698	12	1,650,698	13
Capital surplus								
3200	Capital surplus	6(20)	835,030	6	648,446	4	645,838	5
Retained earnings								
3310	Legal reserve	6(21)	626,773	4	575,258	4	575,258	4
3320	Special reserve		92,239	1	92,239	1	92,239	1
3350	Unappropriated retained earnings	6(25)	1,664,589	11	1,667,955	12	1,500,480	11
Other equity interest								
3400	Other equity interest		(75,533)	(1)	(26,985)	-	14,272	-
31XX	Total equity attributable to owners of parent		<u>4,907,821</u>	<u>33</u>	<u>4,607,611</u>	<u>33</u>	<u>4,478,785</u>	<u>34</u>
36XX	Non-controlling interests		(4,385)	-	(2,416)	-	(5,907)	-
3XXX	Total Equity		<u>4,903,436</u>	<u>33</u>	<u>4,605,195</u>	<u>33</u>	<u>4,472,878</u>	<u>34</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total Liabilities and Equity		<u>\$ 14,652,732</u>	<u>100</u>	<u>\$ 14,082,782</u>	<u>100</u>	<u>\$ 13,231,959</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 amounts)
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2017		2016		2017		2016	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating Revenue	6(22) and 7	\$ 4,510,182	100	\$ 4,532,173	100	\$ 14,591,499	100	\$ 13,413,265	100
5000 Operating Costs	6(6)(24) and 7	(4,026,833)	(89)	(4,006,466)	(88)	(12,993,861)	(89)	(11,842,808)	(88)
5900 Gross Profit		<u>483,349</u>	<u>11</u>	<u>525,707</u>	<u>12</u>	<u>1,597,638</u>	<u>11</u>	<u>1,570,457</u>	<u>12</u>
Operating Expenses	6(24)								
6100 Sales and marketing expenses		(147,973)	(3)	(133,425)	(3)	(402,858)	(2)	(374,648)	(3)
6200 General and administrative expenses		(155,777)	(4)	(191,537)	(4)	(554,877)	(4)	(575,507)	(4)
6300 Research and development expenses		(52,455)	(1)	(57,097)	(1)	(139,250)	(1)	(148,480)	(1)
6000 Total operating expenses		<u>(356,205)</u>	<u>(8)</u>	<u>(382,059)</u>	<u>(8)</u>	<u>(1,096,985)</u>	<u>(7)</u>	<u>(1,098,635)</u>	<u>(8)</u>
6900 Operating Profit		<u>127,144</u>	<u>3</u>	<u>143,648</u>	<u>4</u>	<u>500,653</u>	<u>4</u>	<u>471,822</u>	<u>4</u>
Non-operating Income and Expenses									
7010 Other income		19,709	-	44,444	-	41,982	-	58,634	-
7020 Other gains and losses	6(2)(23)	31,612	1	(28,170)	-	27,461	-	(47,505)	-
7050 Finance costs		(15,816)	-	(15,487)	-	(45,946)	-	(40,423)	-
7060 Share of gain of associates and joint ventures accounted for using equity method		1,604	-	1,587	-	3,080	-	3,421	-
7000 Total non-operating income and expenses		<u>37,109</u>	<u>1</u>	<u>2,374</u>	<u>-</u>	<u>26,577</u>	<u>-</u>	<u>(25,873)</u>	<u>-</u>
7900 Profit before Income Tax		<u>164,253</u>	<u>4</u>	<u>146,022</u>	<u>4</u>	<u>527,230</u>	<u>4</u>	<u>445,949</u>	<u>4</u>
7950 Income tax expense	6(25)	(33,231)	(1)	(33,160)	(1)	(117,902)	(1)	(119,102)	(1)
8200 Net Income		<u>\$ 131,022</u>	<u>3</u>	<u>\$ 112,862</u>	<u>3</u>	<u>\$ 409,328</u>	<u>3</u>	<u>\$ 326,847</u>	<u>3</u>
Other Comprehensive Income									
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Exchange differences on translation of foreign operations		\$ 9,628	-	(\$ 48,512)	(1)	(\$ 50,671)	(1)	(\$ 80,664)	-
8362 Unrealized gain on valuation of available-for-sale financial assets of foreign operations	6(3)	785	-	55,695	1	(6,342)	-	55,695	-
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		8	-	(112)	-	(118)	-	(213)	-
8399 Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(25)	(1,644)	-	8,270	-	8,645	-	13,789	-
8360 Total components of other comprehensive income (loss) that will be reclassified to profit or loss		<u>8,777</u>	<u>-</u>	<u>15,341</u>	<u>-</u>	<u>(48,486)</u>	<u>(1)</u>	<u>(11,393)</u>	<u>-</u>
8300 Other comprehensive income (loss), net of tax		<u>\$ 8,777</u>	<u>-</u>	<u>\$ 15,341</u>	<u>-</u>	<u>(\$ 48,486)</u>	<u>(1)</u>	<u>(\$ 11,393)</u>	<u>-</u>
8500 Total Comprehensive Income		<u>\$ 139,799</u>	<u>3</u>	<u>\$ 128,203</u>	<u>3</u>	<u>\$ 360,842</u>	<u>2</u>	<u>\$ 315,454</u>	<u>3</u>
Profit (loss) attributable to:									
8610 Owners of the parent		\$ 131,663	3	\$ 115,504	3	\$ 414,831	3	\$ 334,417	3
8620 Non-controlling interests		(\$ 641)	-	(\$ 2,642)	-	(\$ 5,503)	-	(\$ 7,570)	-
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		\$ 140,479	3	\$ 130,822	3	\$ 366,283	2	\$ 322,791	3
8720 Non-controlling interests		(\$ 680)	-	(\$ 2,619)	-	(\$ 5,441)	-	(\$ 7,337)	-
Basic earnings per share	6(26)								
9750 Basic earnings per share		<u>\$ 0.77</u>		<u>\$ 0.70</u>		<u>\$ 2.41</u>		<u>\$ 2.03</u>	
Diluted earnings per share	6(26)								
9850 Diluted earnings per share		<u>\$ 0.73</u>		<u>\$ 0.66</u>		<u>\$ 2.24</u>		<u>\$ 1.96</u>	

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										Non-controlling interests	Total equity
	Capital Surplus			Retained Earnings			Other equity interest			Total		
	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				
<u>Nine months ended September 30, 2016</u>												
	\$ 1,650,698	\$ 616,003	\$ 2,770	\$ 529,385	\$92,239	\$ 1,542,603	\$ 25,898	\$ -	\$ 4,459,596	\$ 5,202	\$ 4,464,798	
Balance at January 1, 2016												
Appropriations of and distribution of earnings for 2015	6(21)											
Legal reserve				45,873		(45,873)						
Cash dividends						(330,140)			(330,140)		(330,140)	
Share-based payment	6(18)(20)		5,929						5,929		5,929	
Changes in equity of associates and joint ventures accounted for using equity method						(527)			(527)		(527)	
Due to recognition of equity component of convertible bonds issued	6(20)											
Profit (loss) for the period			21,136			334,417			21,136		21,136	
Other comprehensive income (loss) for the period							(67,321)	55,695	(11,626)	233	(11,393)	
Change in non-controlling interests										(3,772)	(3,772)	
Balance at September 30, 2016		<u>\$ 1,650,698</u>	<u>\$ 616,003</u>	<u>\$ 29,835</u>	<u>\$ 575,258</u>	<u>\$92,239</u>	<u>\$ 1,500,480</u>	<u>(\$ 41,423)</u>	<u>\$ 55,695</u>	<u>\$ 4,478,785</u>	<u>(\$ 5,907)</u>	<u>\$ 4,472,878</u>
<u>Nine months ended September 30, 2017</u>												
	\$ 1,650,698	\$ 616,003	\$ 32,443	\$ 575,258	\$92,239	\$ 1,667,955	(\$ 56,393)	\$ 29,408	\$ 4,607,611	(\$ 2,416)	\$ 4,605,195	
Balance at January 1, 2017												
Appropriations of and distribution of earnings for 2016	6(21)											
Legal reserve				51,515		(51,515)						
Cash dividends						(363,153)			(363,153)		(363,153)	
Share-based payment	6(18)(19)(20)	10,250	11,638	925					22,813		22,813	
Changes in equity of associates and joint ventures accounted for using equity method						(3,529)			(3,529)		(3,529)	
Conversion of convertible bonds	6(15)(19)(20)	103,775	186,280	(12,259)					277,796		277,796	
Profit (loss) for the period						414,831			414,831	(5,503)	409,328	
Other comprehensive income (loss) for the period							(42,206)	(6,342)	(48,548)	62	(48,486)	
Change in non-controlling interests										3,472	3,472	
Balance at September 30, 2017		<u>\$ 1,764,723</u>	<u>\$ 813,921</u>	<u>\$ 21,109</u>	<u>\$ 626,773</u>	<u>\$92,239</u>	<u>\$ 1,664,589</u>	<u>(\$ 98,599)</u>	<u>\$ 23,066</u>	<u>\$ 4,907,821</u>	<u>(\$ 4,385)</u>	<u>\$ 4,903,436</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	
		2017	2016
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 527,230	\$ 445,949
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(23)	(6,931)	(1,311)
Provision for bad debt expense	12	2,852	38,470
Share of gain of associates and joint ventures accounted for using equity method		(3,080)	(3,421)
Gain on disposal of investments	6(23)	(34,959)	(7,010)
Depreciation	6(11)(24)	81,161	76,925
Amortisation	6(24)	15,527	14,911
(Gain) loss on disposal of property, plant and equipment		(760)	211
Impairment loss on financial assets	6(9)(23)	7,600	-
Compensation cost of share-based payments	6(18)(20)	5,080	5,929
Interest income		(3,312)	(2,821)
Interest expense		45,946	40,423
Dividend income		(16,935)	(14,145)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		89,966	10,811
Accounts receivable, net		265,957	(423,963)
Accounts receivable – related parties, net		(1,614)	23,782
Construction contracts receivable		(308,789)	1,735
Other receivables		39,849	(11,747)
Inventories		(282,348)	(363,826)
Prepayments		(157,037)	(109,289)
Other current assets		(2,282)	(42,779)
Changes in operating liabilities			
Notes payable		(478)	(53,095)
Accounts payable		252,408	418,060
Accounts payable – related parties		(7,123)	(9,348)
Construction contracts payable		215,992	(9,572)
Other payables		(28,127)	(20,698)
Advance receipts		28,898	(27,807)
Other current liabilities, others		14,738	(3,589)
Other non-current liabilities		(1,393)	(1,556)
Cash inflow (outflow) generated from operations		738,036	(28,771)
Interest received		3,243	1,581
Dividends received		16,935	14,145
Interest paid		(45,290)	(36,216)
Income tax paid		(173,027)	(152,006)
Net cash flows from (used in) operating activities		<u>539,897</u>	<u>(201,267)</u>

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

	Notes	<u>Nine months ended September 30</u>	
		<u>2017</u>	<u>2016</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of available-for-sale financial assets – current		\$ 31,226	\$ -
Decrease (increase) in other financial assets – current		14,305	(160)
Acquisition of financial assets measured at cost – non-current		(45,750)	(18,131)
Proceeds from disposal of financial assets measured at cost – non-current		15,894	10,388
Proceeds from capital reduction of financial assets measured at cost – non-current		274	8,926
Acquisition of investments accounted for using equity method		(9,611)	(1,408)
Proceeds from disposal of investments accounted for using equity method		-	295
Proceeds from capital reduction of investments accounted for using equity method		-	41,000
Acquisition of property, plant and equipment	6(11)	(397,617)	(61,498)
Proceeds from disposal of property, plant and equipment		13,396	29
Acquisition of intangible assets		(16,324)	(9,705)
Increase in refundable deposits		(62,309)	(50,718)
Decrease in other non-current assets		713	832
Increase in prepayments for investments		(21,165)	-
Net cash flows used in investing activities		<u>(476,968)</u>	<u>(80,150)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(25,625)	741,481
Increase in long-term borrowings		200,000	-
(Decrease) increase in guarantee deposits received		(5)	68
Proceeds from exercise of employee stock options	6(18)	17,732	-
Proceeds from issuance of bonds	6(15)	-	495,000
Cash dividends paid	6(21)	(363,153)	(330,140)
Changes in non-controlling interests		-	(3,772)
Net cash flows (used in) from financing activities		<u>(171,051)</u>	<u>902,637</u>
Effect of exchange rate changes on cash and cash equivalents		(45,205)	(103,313)
Net (decrease) increase in cash and cash equivalents		(153,327)	517,907
Cash and cash equivalents at beginning of period	6(1)	<u>1,752,244</u>	<u>1,404,874</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 1,598,917</u>	<u>\$ 1,922,781</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, 2017 AND 2016

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

(REVIEWED, NOT AUDITED)

1. ORGANIZATION AND OPERATIONS

Marketech International Corp. (the “Company”) was incorporated in the Republic of China (ROC) on December 27, 1988. On October 17, 2002, the Company’s common shares 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, monitor system, Turn-key and Hook-up Project and (iii) design and manufacturing of customized equipment.

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

The consolidated financial statements were reported to the Board of Directors on November 2, 2017.

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 2017 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

(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 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 'Financial instruments' with IFRS 4 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

- (a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.
- (b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

B. IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11 'Construction Contracts', IAS 18 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer.

Step 2: Identify separate performance obligations in the contract(s).

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(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 endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Prepayment features with negative compensation (amendments to IFRS 9)	January 1, 2019
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Long-term interests in associates and joint ventures (amendments to IAS 28)	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	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. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise 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. Amendments to IAS 28, 'Long-term interests in associates and joint ventures'

The amendment clarifies that, for any long-term interest that, in substance, form part of the entity's net investment in an associate or joint venture, an entity should apply IFRS 9 to such interests before it applies IAS 28 to recognise losses.

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, 2016, except for the compliance statement, basis of preparations, 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, 2016.

(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) Available-for-sale financial assets measured at fair value.
 - (c) Liabilities on cash-settled share-based payment arrangements measured at fair value.
 - (d) Defined benefit liabilities recognised based on the net amount of pension fund assets 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, 2016.

B. The subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2017	December 31, 2016	September 30, 2016	
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 holding and reinvestment	100	100	100	Note 1
Marketech International Corp.	Tiger United Finance Ltd.	Investment holding and reinvestment	100	100	100	Note 1
Marketech International Corp.	Market Go Profits Ltd.	Investment holding 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
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Contracting for electrical installing construction	100	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2017	December 31, 2016	September 30, 2016	
Marketch International Corp.	eZoom Information, Inc.	Research, trading and consulting of information system software and hardware appliance	100	100	100	Note 1
Marketch International Corp.	Marketch Co., Ltd.	Specialized contracting and related repair services; equipment sales and repair, sales of cosmetics and daily necessities	100	100	100	Note 1
Marketch International Corp.	Marketch Integrated Manufacturing Company Limited	Design, manufacturing, installation of automatic production equipment and its parts	100	100	100	Note 1
Marketch International Corp.	Marketch International Sdn. Bhd.	Specialized contracting and related repair services	51.12	51.12	51.12	Note 1
Marketch International Corp.	PT Marketch International Indonesia	Trading business of machine equipment and parts	99.92	99.92	99.92	Note 1
Marketch International Corp.	Marketch Netherlands B.V.	International trade business of machine and components and technical service	100	-	-	Note 1
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Investment holding and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Investment holding and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	TPP-MIC Co., Limited	Investment holding and reinvestment	-	-	60	Note 3
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Investment holding and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co., Limited	Investment holdings and reinvestment	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2017	December 31, 2016	September 30, 2016	
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (WuXi) Co., Ltd.	Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembling of wrapping device and cooling equipment; assembling of barbecue grill; wholesale, commission agency and import and export of the aforementioned products 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	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2017	December 31, 2016	September 30, 2016	
MIC-Tech Ventures Asia Pacific Inc.	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	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	General contracting for electrical installing construction; specialized contracting for electrical installing construction; specialized contracting for electronic engineering; specialized contracting for petroleum and chemical equipment installation; specialized contracting for channel and guarantee for post construction; consulting service for related construction technology	100	100	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, 2017	December 31, 2016	September 30, 2016	
MIC-Tech Ventures Asia Pacific Inc.	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	49	49	49	Note 2
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products, semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity; international and entrepot trade, trading and trading agency among enterprises in customs bonded area; consulting service for trading	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2017	December 31, 2016	September 30, 2016	
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	80	80	-
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, 2017	December 31, 2016	September 30, 2016	
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	100	100	100	-
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, 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	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2017	December 31, 2016	September 30, 2016	
Marketech Integrated Pte. Ltd.	Marketech International Sdn. Bhd.	Specialized contracting and related repair services	48.88	48.88	48.88	Note 1
Marketech Engineering Pte. Ltd.	Marketech Integrated Construction Co., Ltd.	Specialized contracting for electrical installing construction	95	95	95	Note 1

Note 1: The financial statements of the entity as of and for the nine months ended September 30, 2017 and 2016 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 2: The Company holds less than 50% share ownership in its subsidiary – SKMIC (Wuxi) Corp., however, as the definition of control is met, the subsidiary is included in the consolidated entities.

Note 3: TPP-MIC Co., Limited has completed the liquidation process in December 2016.

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, 2017, December 31, 2016 and September 30, 2016, the non-controlling interests amounted to \$(4,385), (\$2,416) and (\$5,907), respectively. Subsidiaries that have non-controlling interests are not material to the Group.

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

There is no significant change during the period. Please refer to Note 5 of the consolidated financial statements as of and for the year ended December 31, 2016.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand	\$ 15,302	\$ 13,176	\$ 13,093
Checking accounts and demand deposits	1,557,744	1,732,245	1,895,759
Time deposits	25,871	6,823	13,929
Total	<u>\$ 1,598,917</u>	<u>\$ 1,752,244</u>	<u>\$ 1,922,781</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. Other than 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 – current

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Financial assets held for trading			
Listed stocks	\$ 7,439	\$ 7,592	\$ 7,592
Call provision of convertible corporate bonds (Note 6(15))	<u>250</u>	<u>250</u>	<u>250</u>
	7,689	7,842	7,842
Valuation adjustment	<u>6,539</u>	<u>(545)</u>	<u>(563)</u>
Total	<u>\$ 14,228</u>	<u>\$ 7,297</u>	<u>\$ 7,279</u>

A. The Group recognised net gain of \$4,006, \$2,076, \$6,771 and \$1,361 on financial assets held for trading for the three months and nine months ended September 30, 2017 and 2016, respectively.

B. The Group recognised net gain (loss) of \$11, (\$50), \$160 and (\$50) on the call provision of convertible corporate bonds issued by the Company for the three months and nine months ended September 30, 2017 and 2016, respectively.

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

(3) Available-for-sale financial assets – current

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Listed stocks			
Calitech Co., Ltd.	\$ 18,898	\$ 34,445	\$ 35,449
Valuation adjustment	<u>23,066</u>	<u>29,408</u>	<u>55,695</u>
Total	<u>\$ 41,964</u>	<u>\$ 63,853</u>	<u>\$ 91,144</u>

A. Since Calitech Co., Ltd. was listed on the Taipei Exchange in September 2016, the Company deposited its stocks of Calitech Co., Ltd. amounting to 2,857 thousand shares for custody with the Taiwan Depository & Clearing Corporation, but was withdrawn on December 31, 2016.

B. The Company has recognised changes in fair value of the unrealized gains on available-for-sale financial assets in profit or loss and in other comprehensive loss amounting to \$785, \$55,695, (\$6,342) and \$55,695 for the three months and nine months ended September 30, 2017 and 2016, respectively.

C. The Group has no available-for-sale financial assets pledged as collaterals.

(4) Notes receivable

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Notes receivable	\$ 124,274	\$ 214,239	\$ 96,806
Less: allowance for bad debts	<u>-</u>	<u>(1,225)</u>	<u>(1,225)</u>
Total	<u>\$ 124,274</u>	<u>\$ 213,014</u>	<u>\$ 95,581</u>

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

B. For details of credit risk of the Group’s notes receivable, please refer to Note 12(2).

(5) Accounts receivable

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Accounts receivable	\$ 4,133,464	\$ 4,424,269	\$ 3,760,756
Less: allowance for bad debts	(406,462)	(405,156)	(383,292)
Total	<u>\$ 3,727,002</u>	<u>\$ 4,019,113</u>	<u>\$ 3,377,464</u>

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

B. For details of credit risk of the Group's accounts receivable, please refer to Note 12(2).

(6) Inventories

	<u>September 30, 2017</u>		
	<u>Cost</u>	<u>Allowance for valuation loss and loss on obsolete and slow-moving inventories</u>	<u>Book value</u>
Materials	\$ 325,695	(\$ 24,754)	\$ 300,941
Merchandise inventory	688,400	(54,972)	633,428
Raw materials	665,265	(19,153)	646,112
Supplies	41,361	(2,057)	39,304
Work in process	1,137,398	(20,566)	1,116,832
Semi-finished goods and finished goods	174,525	(19,498)	155,027
Total	<u>\$ 3,032,644</u>	<u>(\$ 141,000)</u>	<u>\$ 2,891,644</u>

	<u>December 31, 2016</u>		
	<u>Cost</u>	<u>Allowance for valuation loss and loss on obsolete and slow-moving inventories</u>	<u>Book value</u>
Materials	\$ 349,500	(\$ 24,999)	\$ 324,501
Merchandise inventory	774,131	(48,506)	725,625
Raw materials	484,378	(12,192)	472,186
Supplies	27,477	(1,235)	26,242
Work in process	908,111	(6,774)	901,337
Semi-finished goods and finished goods	189,582	(18,195)	171,387
Total	<u>\$ 2,733,179</u>	<u>(\$ 111,901)</u>	<u>\$ 2,621,278</u>

	September 30, 2016		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 358,396	(\$ 25,553)	\$ 332,843
Merchandise inventory	658,683	(44,935)	613,748
Raw materials	606,047	(13,482)	592,565
Supplies	29,173	(1,008)	28,165
Work in process	793,441	(17,138)	776,303
Semi-finished goods and finished goods	247,645	(14,950)	232,695
Total	\$ 2,693,385	(\$ 117,066)	\$ 2,576,319

Relevant expenses of inventories recognised as operating costs for the three months and nine months ended September 30, 2017, 2017 and 2016 are as follows:

	Three months ended September 30,	
	2017	2016
Construction cost	\$ 2,028,547	\$ 1,817,909
Cost of sales	1,782,619	1,989,068
Other operating cost	211,308	194,256
Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories	4,359	5,233
Total	\$ 4,026,833	\$ 4,006,466

	Nine months ended September 30,	
	2017	2016
Construction cost	\$ 6,578,851	\$ 6,167,403
Cost of sales	5,782,674	5,051,053
Other operating cost	603,059	609,414
Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories	29,277	14,938
Total	\$ 12,993,861	\$ 11,842,808

The Group has no inventories pledged to others.

(7) Prepayments

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Prepayment for purchases	\$ 528,185	\$ 383,792	\$ 450,317
Others	<u>85,149</u>	<u>72,505</u>	<u>57,599</u>
Total	<u>\$ 613,334</u>	<u>\$ 456,297</u>	<u>\$ 507,916</u>

(8) Construction contracts receivable / payable

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Aggregate costs incurred plus recognised profits (less recognised losses)	\$ 27,191,024	\$ 23,718,635	\$ 22,605,241
Less: progress billings	(25,555,389)	(22,175,797)	(21,349,332)
Net balance sheet position for construction in progress	<u>\$ 1,635,635</u>	<u>\$ 1,542,838</u>	<u>\$ 1,255,909</u>
Presented as:			
Receivables from customers on construction contracts	\$ 3,176,938	\$ 2,868,149	\$ 2,483,277
Payables to customers on construction contracts	(1,541,303)	(1,325,311)	(1,227,368)
	<u>\$ 1,635,635</u>	<u>\$ 1,542,838</u>	<u>\$ 1,255,909</u>
Retentions relating to construction contracts	<u>\$ 68,808</u>	<u>\$ 63,444</u>	<u>\$ 51,733</u>
Advances received before the related construction work is performed	<u>\$ 193,453</u>	<u>\$ 110,290</u>	<u>\$ 76,853</u>

(9) Financial assets measured at cost - non-current

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Non-current items:			
Taiwan Intelligent Fiber Optic Network Co., Ltd.	\$ 44,024	\$ 44,024	\$ 44,024
Taiwan Puritic Corp.	39,287	39,287	39,287
Taiwan Colour & Imaging Technology Corp.	25,330	-	-
ProbeLeader Co., Ltd.	14,490	14,490	14,490
Civil Tech Pte. Ltd.	13,650	16,438	19,500
Foresight Energy Technologies Co.,	10,875	-	-
IP Fund Six Co., Ltd.	10,000	10,000	10,000
Innorich Venture Capital Corp.	10,000	10,000	10,000
VEEV Interactive Pte. Ltd.	7,643	15,243	15,243
Ares Green Technology Corp.	-	43,481	43,481
Others (companies individually not exceeding \$10,000)	70,516	63,665	61,952
Total	<u>\$ 245,815</u>	<u>\$ 256,628</u>	<u>\$ 257,977</u>

Prepayments to long-term investments (listed as 'other non-current assets')

Kinestral Technologies, Inc.	<u>\$ 21,165</u>	<u>\$ -</u>	<u>\$ -</u>
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- A. Based on the Group's investment purpose, the abovementioned stocks held by the Group shall be classified as 'available-for-sale financial assets'. However, as the stocks are not traded in an active market, and no sufficient industry information of companies similar to the abovementioned companies can be obtained, the fair value of the stocks cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets at cost – non-current'.
- B. The ending balances of VEEV Interactive Pte. Ltd. as of September 30, 2017 was assessed to decline and would be lower than the original investment cost. Therefore, impairment loss of \$7,600 was recognised on equity investment.
- C. The Group has no financial assets measured at cost pledged to others.

(10) Investments accounted for using equity method

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

	<u>September 30, 2017</u>		<u>December 31, 2016</u>	
	<u>Carrying amount</u>	<u>% interest held</u>	<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.	\$ 44,648	34.11%	\$ 33,463	35%
Leader Fortune Enterprise Co., Ltd.	3,675	31.43%	2,352	31.43%
MIC Techno Co., Ltd.	1,850	20%	1,864	20%
Total	<u>\$ 50,173</u>		<u>\$ 37,679</u>	

	<u>September 30, 2016</u>	
	<u>Carrying</u>	<u>% interest</u>
	<u>amount</u>	<u>held</u>
Glory Technology Service Inc.	\$ 32,801	35%
Leader Fortune Enterprise Co., Ltd.	3,868	31.43%
MIC Techno Co., Ltd.	1,866	20%
Solmark Advanced Materials Technology, Inc.	<u>167</u>	30%
Total	<u>\$ 38,702</u>	

B. Associates

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

	<u>Three months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Profit for the period from continuing operations	\$ 4,724	\$ 3,973
Other comprehensive income (loss) - net of tax	<u>27</u>	<u>(356)</u>
Total comprehensive income	<u>\$ 4,751</u>	<u>\$ 3,617</u>
	<u>Nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Profit for the period from continuing operations	\$ 9,257	\$ 8,618
Other comprehensive loss-net of tax	<u>(375)</u>	<u>(678)</u>
Total comprehensive income	<u>\$ 8,882</u>	<u>\$ 7,940</u>

(11) Property, plant and equipment

	<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, 2017</u>						
Cost	\$ 205,438	\$ 1,778,562	\$ 655,128	\$ 200,042	\$ 36,457	\$ 2,875,627
Accumulated depreciation	-	(802,731)	(533,214)	(136,296)	(14,800)	(1,487,041)
Book value	<u>\$ 205,438</u>	<u>\$ 975,831</u>	<u>\$ 121,914</u>	<u>\$ 63,746</u>	<u>\$ 21,657</u>	<u>\$ 1,388,586</u>
<u>Nine months ended September 30, 2017</u>						
Opening net book amount	\$ 205,438	\$ 975,831	\$ 121,914	\$ 63,746	\$ 21,657	\$ 1,388,586
Additions	-	190,138	43,712	19,713	144,054	397,617
Disposals	-	-	(4,934)	(320)	(7,382)	(12,636)
Depreciation	-	(42,521)	(20,213)	(16,774)	(1,653)	(81,161)
Net exchange differences	-	(4,365)	(830)	(223)	(429)	(5,847)
Closing net book amount	<u>\$ 205,438</u>	<u>\$ 1,119,083</u>	<u>\$ 139,649</u>	<u>\$ 66,142</u>	<u>\$ 156,247</u>	<u>\$ 1,686,559</u>
<u>At September 30, 2017</u>						
Cost	\$ 205,438	\$ 1,960,310	\$ 636,340	\$ 205,612	\$ 171,353	\$ 3,179,053
Accumulated depreciation	-	(841,227)	(496,691)	(139,470)	(15,106)	(1,492,494)
Book value	<u>\$ 205,438</u>	<u>\$ 1,119,083</u>	<u>\$ 139,649</u>	<u>\$ 66,142</u>	<u>\$ 156,247</u>	<u>\$ 1,686,559</u>

	<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, 2016</u>						
Cost	\$ 205,438	\$ 1,792,625	\$ 658,274	\$ 176,041	\$ 24,695	\$ 2,857,073
Accumulated depreciation	-	(754,842)	(533,520)	(133,877)	(15,280)	(1,437,519)
Book value	<u>\$ 205,438</u>	<u>\$ 1,037,783</u>	<u>\$ 124,754</u>	<u>\$ 42,164</u>	<u>\$ 9,415</u>	<u>\$ 1,419,554</u>
<u>Nine months ended September 30, 2016</u>						
Opening net book amount	\$ 205,438	\$ 1,037,783	\$ 124,754	\$ 42,164	\$ 9,415	\$ 1,419,554
Additions	-	5,402	21,451	27,803	6,842	61,498
Disposals	-	-	(4)	(236)	-	(240)
Depreciation	-	(45,417)	(17,913)	(12,402)	(1,193)	(76,925)
Net exchange differences	-	(10,851)	(3,346)	(698)	(2,342)	(17,237)
Closing net book amount	<u>\$ 205,438</u>	<u>\$ 986,917</u>	<u>\$ 124,942</u>	<u>\$ 56,631</u>	<u>\$ 12,722</u>	<u>\$ 1,386,650</u>
<u>At September 30, 2016</u>						
Cost	\$ 205,438	\$ 1,777,309	\$ 658,112	\$ 192,224	\$ 28,553	\$ 2,861,636
Accumulated depreciation	-	(790,392)	(533,170)	(135,593)	(15,831)	(1,474,986)
Book value	<u>\$ 205,438</u>	<u>\$ 986,917</u>	<u>\$ 124,942</u>	<u>\$ 56,631</u>	<u>\$ 12,722</u>	<u>\$ 1,386,650</u>

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

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

(12) Short-term borrowings

	<u>September 30, 2017</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Unsecured borrowing	\$ 1,862,530	0.88%~5.55%	None
Mortgage loan	6,690	2.74925%~2.751%	Buildings
	<u>\$ 1,869,220</u>		
	<u>December 31, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Unsecured borrowing	\$ 1,787,601	0.95%~4.785%	None
Mortgage loan	125,773	2.89997%~5.0025%	Buildings
	<u>\$ 1,913,374</u>		
	<u>September 30, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Unsecured borrowing	\$ 1,911,146	0.93344%~4.818%	None
Mortgage loan	122,569	2.89997%~5.0025%	Buildings
	<u>\$ 2,033,715</u>		

Details of mortgage loan are provided in Note 8.

(13) Other payables

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Salaries and bonus payable	\$ 273,373	\$ 314,283	\$ 256,053
Accrued employees' compensation and directors' and supervisors'	89,355	82,997	59,579
Others	56,255	57,738	66,622
Total	<u>\$ 418,983</u>	<u>\$ 455,018</u>	<u>\$ 382,254</u>

(14) Advance receipts

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Sales revenue received in advance	\$ 667,618	\$ 694,731	\$ 551,702
Others	85,740	29,730	18,605
Total	<u>\$ 753,358</u>	<u>\$ 724,461</u>	<u>\$ 570,307</u>

(15) Bonds payable

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Bonds payable	\$ 210,000	\$ 500,000	\$ 500,000
Less: Discount on bonds payable	(6,926)	(22,847)	(24,983)
Total	<u>\$ 203,074</u>	<u>\$ 477,153</u>	<u>\$ 475,017</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: NT \$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 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) As of September 30, 2017, the convertible corporate bonds with par value totaling \$290,000 have been converted into 10,378 thousand ordinary shares, generating capital surplus of \$186,280 and resulting in a decrease of 'capital surplus—stock options' by \$12,259.
- B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$21,136 were separated from the liability component and were recognised 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 recognised 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%.

(16) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>September 30, 2017</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from September 29, 2017 to December 31, 2018; interest is repayable monthly.	0.917%	None	<u>\$ 200,000</u>

- A. As of December 31, 2016 and September 30, 2016, there was no change in the balance of undrawn borrowing facilities.
- B. The Group has no long-term bank borrowings with interest that was past due.
- C. The Group has not signed any unsecured borrowing facility contract which requires the Group to meet specified levels for certain financial ratios as per financial statements.
- D. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Floating rate:			
Expiring beyond one year	\$ 400,000	\$ 600,000	\$ 900,000
Fixed rate:			
Expiring beyond one year	13,826	13,820	14,241
	<u>\$ 413,826</u>	<u>\$ 613,820</u>	<u>\$ 914,241</u>

(17) 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 be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$844, \$801, \$2,530 and \$2,403 for the three months and nine months ended September 30, 2017 and 2016, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2018 amounts to \$5,230.

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s Mainland 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 recognised 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 Company for the three months and nine months ended September 30, 2017 and 2016 were \$21,173, \$22,478, \$63,711 and \$63,768, respectively.

(18) Share-based payment

- A. For the nine months ended September 30, 2017 and 2016, the Company’s share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (in thousands)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Employee stock options	2015.9.11	3,956	6 years	2~4 years’ service

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

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

	Nine months ended September 30,			
	2017		2016	
	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	3,956	\$ 18.20	3,956	\$ 19.60
Options granted	-	-	-	-
Options exercised	(1,025)	17.30	-	-
Options forfeited	-	-	-	-
Options outstanding at end of the period	<u>2,931</u>	17.30	<u>3,956</u>	18.20
Options exercisable at end of the period	<u>953</u>		<u>-</u>	
Options approved but not yet issued at end of the period	<u>44</u>		<u>44</u>	

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

		September 30, 2017	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)
2015.9.11	2021.9.10	2,931	\$ 17.30

		December 31, 2016	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)
2015.9.11	2021.9.10	3,956	\$ 18.20

		September 30, 2016	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)
2015.9.11	2021.9.10	3,956	\$ 18.20

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:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2015.9.11	\$ 19.60	\$ 19.60	34.91%	4.375 years	0%	0.81%	\$ 5.8326

E. Expenses incurred on share-based payment transactions are \$1,693, \$1,977, \$5,080 and \$5,929 for the three months and nine months ended September 30, 2017 and 2016, respectively.

(19) Share capital

As of September 30, 2017, 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 \$1,764,723 with a par value of \$10 (in dollars) per share amounting to 176,427,317 shares. All proceeds from shares issued have been collected.

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

	Nine months ended September 30,	
	2017	2016
At January 1	165,069,756	165,069,756
Conversion of convertible bonds	10,377,561	-
Exercise of employee stock options	1,025,000	-
At September 30	176,472,317	165,069,756

(20) Capital surplus

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

Details of movements in capital surplus are as follows:

	Nine months ended September 30, 2017				
	Employee				Total
	<u>Share premium</u>	<u>Stock options</u>	<u>Stock options</u>	<u>Others</u>	
At January 1	\$ 616,003	\$ 10,956	\$ 21,136	\$ 351	\$ 648,446
Exercise of employee stock options	11,638	(4,155)	-	-	7,483
Compensation cost of employee stock options	-	5,080	-	-	5,080
Conversion of convertible bonds	186,280	-	(12,259)	-	174,021
At September 30	<u>\$ 813,921</u>	<u>\$ 11,881</u>	<u>\$ 8,877</u>	<u>\$ 351</u>	<u>\$ 835,030</u>

	Nine months ended September 30, 2016				
	Employee				Total
	<u>Share premium</u>	<u>Stock options</u>	<u>Stock options</u>	<u>Others</u>	
At January 1	\$ 616,003	\$ 2,419	\$ -	\$ 351	\$ 618,773
Compensation cost of employee stock options	-	5,929	-	-	5,929
Due to recognition of equity component of convertible bonds issued	-	-	21,136	-	21,136
At September 30	<u>\$ 616,003</u>	<u>\$ 8,348</u>	<u>\$ 21,136</u>	<u>\$ 351</u>	<u>\$ 645,838</u>

(21) 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 dividends shall not exceed 50% of the stock dividend distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D.(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E.(a) Details of 2016 and 2015 earnings appropriation resolved by the stockholders on May 26, 2017 and May 31, 2016, respectively are as follows:

	2016		2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 51,515	\$ -	\$ 45,873	\$ -
Cash dividends	363,153	2.2	330,140	2.0
Total	<u>\$ 414,668</u>		<u>\$ 376,013</u>	

The earnings appropriation for the years ended December 31, 2016 and 2015 listed above had no difference from that proposed by the Board of Directors on February 20, 2017 and February 22, 2016, respectively.

Information about the earnings distribution of 2016 and 2015 as approved by the Board of Directors and resolved by the shareholders' meeting 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' and supervisors' remuneration, please refer to Note 6(24).

(22) Operating revenue

	Three months ended September 30,	
	2017	2016
Construction revenue	\$ 2,128,954	\$ 1,912,371
Sales revenue	2,073,424	2,300,295
Other operating revenue	307,804	319,507
Total	<u>\$ 4,510,182</u>	<u>\$ 4,532,173</u>

	Nine months ended September 30,	
	2017	2016
Construction revenue	\$ 6,939,592	\$ 6,518,194
Sales revenue	6,727,088	5,897,115
Other operating revenue	924,819	997,956
Total	<u>\$ 14,591,499</u>	<u>\$ 13,413,265</u>

(23) Other gains and losses

	Three months ended September 30,	
	2017	2016
Net gains on financial assets at fair value through profit or loss	\$ 4,017	\$ 2,026
Loss on disposal of investments	(480)	-
Exchange gain (loss)	27,761	(27,966)
Other gain (loss)	314	(2,230)
Total	<u>\$ 31,612</u>	<u>(\$ 28,170)</u>

	Nine months ended September 30,	
	2017	2016
Net gains on financial assets at fair value through profit or loss	\$ 6,931	\$ 1,311
Gain on disposal of investments	34,959	7,010
Impairment loss on financial assets	(7,600)	-
Exchange loss	(6,162)	(49,235)
Other losses	(667)	(6,591)
Total	<u>\$ 27,461</u>	<u>(\$ 47,505)</u>

(24) Employee benefit expense, depreciation and amortisation

A. Employee benefit expense, depreciation and amortisation

	Three months ended September 30, 2017		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 148,113	\$ 200,001	\$ 348,114
Compensation cost of employee stock options	-	1,693	1,693
Labour and health insurance fees	14,256	13,530	27,786
Pension costs	10,917	11,100	22,017
Other employee benefit expense	4,793	5,827	10,620
Depreciation	16,380	12,109	28,489
Amortisation	3,264	2,229	5,493
	Three months ended September 30, 2016		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 147,479	\$ 193,367	\$ 340,846
Compensation cost of employee stock options	-	1,977	1,977
Labour and health insurance fees	15,656	13,220	28,876
Pension costs	12,474	10,805	23,279
Other employee benefit expense	5,265	7,565	12,830
Depreciation	14,374	12,045	26,419
Amortisation	2,202	1,686	3,888
	Nine months ended September 30, 2017		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 439,349	\$ 604,312	\$ 1,043,661
Compensation cost of employee stock options	-	5,080	5,080
Labour and health insurance fees	44,271	42,500	86,771
Pension costs	33,588	32,653	66,241
Other employee benefit expense	13,751	16,042	29,793
Depreciation	47,024	34,137	81,161
Amortisation	9,023	6,504	15,527

	Nine months ended September 30, 2016		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 454,277	\$ 575,184	\$ 1,029,461
Compensation cost of employee stock options	-	5,929	5,929
Labour and health insurance fees	44,110	39,708	83,818
Pension costs	33,428	32,743	66,171
Other employee benefit expense	14,696	20,727	35,423
Depreciation	41,317	35,608	76,925
Amortisation	5,386	9,525	14,911

B. Employees' compensation and directors' and supervisors' remuneration

- (a) Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be used on provision for 3% for employees' compensation and 1~15% for directors' remuneration. If the company has accumulated deficit, earnings should be reserved to cover losses.
- (b) For the three months and nine months ended September 30, 2017 and 2016, employees' compensation and directors' and supervisors' remuneration are accrued as follows:

	Three months ended September 30,	
	2017	2016
Employees' compensation	\$ 18,449	\$ 16,643
Directors' and supervisors' remuneration	1,845	1,665
Total	<u>\$ 20,294</u>	<u>\$ 18,308</u>

	Nine months ended September 30,	
	2017	2016
Employees' compensation	\$ 59,652	\$ 50,475
Directors' and supervisors' remuneration	5,965	5,048
Total	<u>\$ 65,617</u>	<u>\$ 55,523</u>

For the nine months ended September 30, 2017, 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.

Employees' compensation and directors' and supervisors' remuneration of 2016 as resolved by the Board of Directors amounted \$75,452 and \$7,545, respectively, were in agreement with those amounts recognised in the 2016 financial statements. The aforementioned amounts were recognized in salary expenses.

Information about employees' compensation and directors' and supervisors' 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.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>Three months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Current tax		
Current tax on profits for the period	\$ 31,949	\$ 33,880
Adjustments in respect of prior years	558	516
Total current tax	<u>32,507</u>	<u>34,396</u>
Deferred tax		
Origination and reversal of temporary differences	724	(1,236)
Income tax expense	<u>\$ 33,231</u>	<u>\$ 33,160</u>

	<u>Nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Current tax		
Current tax on profits for the period	\$ 113,595	\$ 116,787
Additional 10% tax on undistributed earnings	8,669	6,791
Adjustments in respect of prior years	(407)	6,523
Total current tax	<u>121,857</u>	<u>130,101</u>
Deferred tax		
Origination and reversal of temporary differences	(3,955)	(10,999)
Income tax expense	<u>\$ 117,902</u>	<u>\$ 119,102</u>

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

	<u>Three months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Currency translation differences of foreign operations	<u>(\$ 1,644)</u>	<u>\$ 8,270</u>
	<u>Nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Currency translation differences of foreign operations	<u>\$ 8,645</u>	<u>\$ 13,789</u>

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

	<u>Assessment</u>
The Company	Through 2015
eZoom Information, Inc.	Through 2015

C. The Company's unappropriated retained earnings are generated in and after 1998.

D. The balance of the imputation tax credit account is as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Balance of the imputation tax credit account	\$ 367,181	\$ 394,208	\$ 393,878

The creditable tax rate is estimated to be 29.04% for 2016 and was 28.08% for 2015.

(26) Earnings per share

	<u>Three months ended September 30, 2017</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	\$ 131,663	170,331	<u>\$ 0.77</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	763	7,681	
Employee stock option	-	1,267	
Employees' compensation	-	1,491	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 132,426</u>	<u>180,770</u>	<u>\$ 0.73</u>

Three months ended September 30, 2016

	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	\$ 115,504	165,070	<u>\$ 0.70</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	752	7,680	
Employee stock option	-	599	
Employees' compensation	-	1,852	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 116,256</u>	<u>175,201</u>	<u>\$ 0.66</u>

Nine months ended September 30, 2017

	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	\$ 414,831	171,792	<u>\$ 2.41</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	3,085	11,194	
Employee stock option	-	1,275	
Employees' compensation	-	1,922	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 417,916</u>	<u>\$ 186,183</u>	<u>\$ 2.24</u>

Nine months ended September 30, 2016

	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	\$ 334,417	165,070	<u>\$ 2.03</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	752	2,560	
Employee stock option	-	527	
Employees' compensation	-	2,657	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 335,169</u>	<u>170,814</u>	<u>\$ 1.96</u>

(27) Operating leases

Details are provided in Note 9(1).

(28) Supplemental cash flow information

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Convertible bonds being converted to capital stocks	<u>\$ 277,796</u>	<u>\$ -</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Japan Pionics Co.,Ltd	Other related parties
Glory Technology Service Inc.	Associates
STS Glory Technology Corp.	Entities controlled by key management or entities with significant influence
Macrotec Technology Corp.	"
ProbeLeader Co., Ltd.	"

(2) Significant related party transactions and balances

A. Sales of goods and services

Sales of goods

	Three months ended September 30,	
	2017	2016
Other related parties	\$ 4	\$ 3,610

	Nine months ended September 30,	
	2017	2016
Other related parties	\$ 3,973	\$ 23,415
Entities controlled by key management or entities with significant influence	308	-
Total	\$ 4,281	\$ 23,415

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

B. Acquisition of goods and services

	<u>Three months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Purchase of goods		
Other related parties	\$ 7,970	\$ 3,196
Entities controlled by key management or entities with significant influence	1,281	727
Associates	-	5,342
Total	<u>\$ 9,251</u>	<u>\$ 9,265</u>

	<u>Nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Purchase of goods		
Other related parties	\$ 12,659	\$ 3,213
Entities controlled by key management or entities with significant influence	2,685	2,406
Associates	-	1,303
Total	<u>\$ 15,344</u>	<u>\$ 6,922</u>

Outsourcing construction costs

	<u>Three months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Entities controlled by key management or entities with significant influence	\$ 630	918
Other related parties	-	186
Total	<u>\$ 630</u>	<u>\$ 1,104</u>

	<u>Nine months ended September 30,</u>	
	<u>2017</u>	<u>2016</u>
Entities controlled by key management or entities with significant influence	\$ 3,344	9,579
Other related parties	655	7,489
Total	<u>\$ 3,999</u>	<u>\$ 17,068</u>

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, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Other related parties	\$ 1,086	\$ 382	\$ -
Associates	913	-	-
Entities controlled by key management or entities with significant influence	<u>32</u>	<u>35</u>	<u>21</u>
Total	<u>\$ 2,031</u>	<u>\$ 417</u>	<u>\$ 21</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

Accounts payable

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Entities controlled by key management or entities with significant influence	\$ 5,683	\$ 13,422	\$ 8,357
Other related parties	<u>760</u>	<u>143</u>	<u>2,905</u>
Total	<u>\$ 6,443</u>	<u>\$ 13,565</u>	<u>\$ 11,262</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. Advanced construction receipts

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Associates	\$ 10,316	\$ 10,316	\$ 10,316
Other related parties	<u>7,171</u>	<u>3,542</u>	<u>8,252</u>
Total	<u>\$ 17,487</u>	<u>\$ 13,858</u>	<u>\$ 18,568</u>

F. Property transactions

For the three months and nine months ended September 30, 2017 and 2016, the Group has acquired computer equipment and related software from entities controlled by key management and the acquisition price was \$2,553, \$3,196, \$12,699 and \$10,611 (recorded as 'property, plant and equipment' and 'intangible assets'), respectively.

(3) Key management compensation

	Three months ended September 30,	
	2017	2016
Salaries and other short-term employee benefits	\$ 9,861	\$ 14,320

	Nine months ended September 30,	
	2017	2016
Salaries and other short-term employee benefits	\$ 29,943	\$ 34,015

8. PLEDGED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2017	December 31, 2016	September 30, 2016	
Time deposits (recorded as 'other current assets')	\$ 3,054	\$ 17,359	\$ 17,929	Performance guarantee, warranty guarantee and other guarantee
Other financial assets (recorded as 'other current assets')	106,382	45,636	88,930	Bid bond and performance guarantee
Buildings (recorded as 'property, plant and equipment')	133,314	143,903	149,430	Guarantee for bank's borrowing facility
	<u>\$ 242,750</u>	<u>\$ 206,898</u>	<u>\$ 256,289</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

Commitments

(1) Operating leases 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 recognised rental costs and expenses of \$44,485, \$41,221, \$123,265 and \$108,527 for these leases in profit or loss for the three months and nine months ended September 30, 2017 and 2016, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than one year	\$ 93,109	\$ 56,021	\$ 52,569
Later than one year but not later than five years	134,925	79,754	71,375
Later than five years	220,812	35,802	24,688
Total	<u>\$ 448,846</u>	<u>\$ 171,577</u>	<u>\$ 148,632</u>

(2) As of September 30, 2017, the notes and letters of guarantee used for construction performance and custom security amounted to \$1,174,250.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

There was no significant change during the period. Please refer to Note 12 of the consolidated financial statements as of and for the year ended December 31, 2016.

(2) Financial instruments

A. Fair value information of financial instruments

There was no significant change during the period. Please refer to Note 12 of the consolidated financial statements as of and for the year ended December 31, 2016.

B. Financial risk management policies

There was no significant change during the period. Please refer to Note 12 of the consolidated financial statements as of and for the year ended December 31, 2016.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, RMB, JYP and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, 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, 2017

	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	\$ 40,126	30.26	\$ 1,214,217	1%	\$ 12,142	\$ -
USD : RMB	11,574	6.6493	350,230	1%	3,502	-
EUR : NTD	7,465	35.75	266,861	1%	2,669	-
JPY : NTD	192,115	0.2691	51,709	1%	517	-
RMB : NTD	26,239	4.5509	119,409	1%	1,194	-
USD : MMK	7,482	1,360	226,417	1%	2,264	-
USD : IDR	1,190	13,570	35,998	1%	360	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 10,259	30.26	\$ 310,437	1%	\$ 3,104	\$ -
USD : RMB	33,023	6.6493	999,265	1%	9,993	-
USD : SGD	1,551	1.3570	46,929	1%	469	-
JPY : NTD	140,683	0.2691	37,858	1%	379	-
USD : MYR	1,857	4.3906	56,198	1%	562	-

December 31, 2016

	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	\$ 47,071	32.25	\$ 1,518,052	1%	\$ 15,181	\$ -
USD : RMB	13,942	6.9852	449,642	1%	4,496	-
EUR : NTD	5,833	33.90	197,722	1%	1,977	-
JPY : NTD	559,814	0.2756	154,285	1%	1,543	-
RMB : NTD	22,028	4.6169	101,703	1%	1,017	-
USD : MMK	1,876	1,365	60,514	1%	605	-
USD : IDR	1,201	13,272	38,748	1%	387	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 4,062	32.25	\$ 130,986	1%	\$ 1,310	\$ -
USD : RMB	29,759	6.9852	959,717	1%	9,597	-
USD : SGD	1,540	1.4468	49,656	1%	497	-
JPY : NTD	172,750	0.2756	47,610	1%	476	-
USD : MYR	1,871	4.6705	60,328	1%	603	-

September 30, 2016

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Sensitivity analysis	
					Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 39,211	31.36	\$ 1,229,657	1%	\$ 12,297	\$ -
USD : RMB	11,000	6.6825	344,951	1%	3,450	-
EUR : NTD	5,091	35.08	178,588	1%	1,786	-
JPY : NTD	536,028	0.3109	166,651	1%	1,667	-
RMB : NTD	19,645	4.6929	92,193	1%	922	-
USD : IDR	1,200	12.905	37,634	1%	376	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 4,907	31.36	\$ 153,889	1%	\$ 1,539	\$ -
USD : RMB	32,721	6.6825	1,026,143	1%	10,261	-
USD : SGD	1,555	1.3653	48,758	1%	488	-
JPY : NTD	116,148	0.3109	36,110	1%	361	-
USD : MYR	1,320	4.3321	41,386	1%	414	-

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

	Three months ended September 30, 2017		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
EUR : NTD	\$ -	35.75	(\$ 5,937)
USD : MMK	(27,121)	1,360.00	(604)
EUR : USD	(7)	0.8464	(171)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	\$ 2,696	6.6493	\$ 12,354
USD : MYR	186	4.3906	748

Three months ended September 30, 2016			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	31.36	(\$ 11,117)
EUR : USD	4	1.12	368
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	\$ 412	6.6825	\$ 2,477
Nine months ended September 30, 2017			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
EUR : NTD	\$ -	35.75	\$ 2,207
USD : MMK	(172,631)	1,360	(3,849)
EUR : USD	(249)	0.8464	(7,527)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	\$ 4,027	6.6493	\$ 18,326
USD : MYR	1,020	4.391	4,477
Nine months ended September 30, 2016			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	31.36	(\$ 13,390)
EUR : USD	(257)	1.12	(8,051)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	(\$ 3,159)	6.6825	(\$ 14,826)

Price risk

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet at fair value through profit or loss.
- 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, profit for the nine months ended September 30, 2017 and 2016 would have increased/decreased by \$77 and \$76, respectively. Other financial assets that have been deducted from reconciling items in stockholders' equity and recognized as profit/loss for the nine months ended September 30, 2017 and 2016 are \$15,680 and \$0, stockholders' equity for the nine months ended September 30, 2017 and 2016 would have increased/ decreased by \$189 and \$354, respectively, as a result of gains/losses on equity securities classified as available-for-sale. Available-for-sale financial assets recognized as equity adjustments for the nine months ended September 30, 2017 and 2016 are (\$6,342) and \$55,695, respectively.

Interest rate risk

- The Group's interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Changes in market interest rate will change effective interest rates of bank borrowings and thus fluctuate future cash flow. As the Group's operating capital is sufficient and risk is mostly offset by cash and cash equivalents held at variable rates, the Group has assessed there is no significant interest rate shift in cash flow risk.
- The Group analyses its interest rate exposure. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.
- Under the Group's simulation analysis result of interest risk, if the interest rate had increased/decreased by 1% with all other variables held constant, profit for the nine months ended September 30, 2017 and 2016 would have increased/ decreased by \$17,175 and \$16,880, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. This is described as follows:
 - The Group has assessed the credit status of counterparties when selling products and goods or services. So it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount.
 - Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are

set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.
 - For banks and financial institutions, only rated parties with good ratings are accepted.
 - The endorsements and guarantees provided by the Group are all in accordance with “Regulations Governing Lending of Funds and Making of Endorsements/ Guarantees by Public Companies”. The Group knows the credit status of endorsees well and does not require any security. If there is any non-performance, the performance amount is the possible credit risk.
- ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.
- iii. The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is calculated from the past due date as follows:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Up to 90 days	\$ 628,485	\$ 638,161	\$ 613,979
91 to 180 days	120,427	145,567	119,501
181 to 365 days	210,224	336,045	284,060
Over 365 days	<u>422,572</u>	<u>315,492</u>	<u>255,387</u>
	<u>\$ 1,381,708</u>	<u>\$ 1,435,265</u>	<u>\$ 1,272,927</u>

- iv. Movement analysis of notes and accounts receivable (including related parties) that were impaired is as follows:
- a. As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group’s notes and accounts receivable that were impaired amounted to \$406,462, \$406,381 and \$384,517, respectively.
- b. Movements on the Group’s provision for impairment of accounts receivable are as follows:

	Nine months ended September 30, 2017		
	Individual provision	Group provision	Total
At January 1	\$ 207,856	\$ 198,525	\$ 406,381
Provision of impairment during the period	20,749	(17,897)	2,852
Transfer during the period	11,494	(11,494)	-
Effect of exchange rate	(609)	(2,162)	(2,771)
At June 30	<u>\$ 239,490</u>	<u>\$ 166,972</u>	<u>\$ 406,462</u>

	Nine months ended September 30, 2016		
	Individual provision	Group provision	Total
At January 1	\$ 191,893	\$ 166,025	\$ 357,918
Provision of impairment during the period	-	38,470	38,470
Write-offs during the period	(924)	-	(924)
Transfer during the period	(1,794)	1,794	-
Effect of exchange rate	(5,667)	(5,280)	(10,947)
At June 30	<u>\$ 183,508</u>	<u>\$ 201,009</u>	<u>\$ 384,517</u>

- v. The credit quality of notes and accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	<u>September 30, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
Type A	\$ 54,357	\$ -	\$ 28,705
Type B	1,396,480	1,823,407	1,218,209
Type C	1,020,762	973,872	953,225
	<u>\$ 2,471,599</u>	<u>\$ 2,797,279</u>	<u>\$ 2,200,139</u>

Type A: No credit limit. Clients include government institutions and government - owned corporations.

Type B: Credit limit is 130% of the average of transactions in the past year. Clients are counterparties whose average annual transactions reach NT\$30,000 for the most recent 3 years and who have stable sales and optimal financials.

Type C: Credit limit is gained through assessment based on 'Client Credit Ranking Sheet'.

(c) Liquidity risk

- i. The Group invests in financial assets measured at fair 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 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, 2017</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	\$ 1,869,220	\$ -	\$ -	\$ -
Notes payable	858,197	-	-	-
Accounts payable (including related parties)	3,688,250	-	-	-
Other payables	418,983	-	-	-
Bonds payable	-	203,074	-	-
Long-term borrowings (including current portion)	-	200,000	-	-

Non-derivative financial liabilities

<u>December 31, 2016</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	\$ 1,913,374	\$ -	\$ -	\$ -
Notes payable	858,675	-	-	-
Accounts payable (including related parties)	3,461,338	-	-	-
Other payables	455,018	-	-	-
Bonds payable	-	-	477,153	-

Non-derivative financial liabilities

<u>September 30, 2016</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	\$ 2,033,715	\$ -	\$ -	\$ -
Notes payable	753,896	-	-	-
Accounts payable (including related parties)	3,100,235	-	-	-
Other payables	382,254	-	-	-
Bonds payable	-	-	475,017	-

- iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.

B. 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.

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 and liabilities at September 30, 2017, December 31, 2016 and September 30, 2016 is as follows:

<u>September 30, 2017</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	\$ 14,018	\$ -	\$ -	\$ 14,018
Call provision of convertible	-	-	210	210
corporate bonds				
Available-for-sale financial				
assets	<u>41,964</u>	<u>-</u>	<u>-</u>	<u>41,964</u>
Total	<u>\$ 55,982</u>	<u>\$ -</u>	<u>\$ 210</u>	<u>\$ 56,192</u>

<u>December 31, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 7,247	\$ -	\$ -	\$ 7,247
Call provision of convertible corporate bonds	-	-	50	50
Available-for-sale financial assets	<u>63,853</u>	<u>-</u>	<u>-</u>	<u>63,853</u>
Total	<u>\$ 71,100</u>	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 71,150</u>

<u>September 30, 2016</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 7,079	\$ -	\$ -	\$ 7,079
Call provision of convertible corporate bonds	-	-	200	200
Available-for-sale financial assets	<u>91,144</u>	<u>-</u>	<u>-</u>	<u>91,144</u>
Total	<u>\$ 98,223</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 98,423</u>

- D. 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.
- E. The following chart is the movement of Level 3 for the nine months ended September 30, 2017:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 50	\$ -
Additions	-	250
Gain and losses recognised in profit or loss	<u>160</u>	<u>(50)</u>
Ending balance	<u>\$ 210</u>	<u>\$ 200</u>

- F. 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, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. 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, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bond – call provision	\$ 210	Binomial tree pricing model	Volatility	20.04% ~30.04%	The higher the stock price volatility, the higher the fair value
	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bond – call provision	\$ 50	Binomial tree pricing model	Volatility	18.12% ~28.12%	The higher the stock price volatility, the higher the fair value
	Fair value at September 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bond – call provision	\$ 200	Binomial tree pricing model	Volatility	23.92%~33.92%	The higher the stock price volatility, the higher the fair value

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

September 30, 2017						
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial assets						
Convertible bond						
- call provision	Interest rate	± 20 bps	\$ -	\$ -	\$ -	\$ -
	Stock price	± 10%	20	(20)	-	-
	Volatility	± 5%	70	(70)	-	-
Total			<u>\$ 90</u>	<u>(\$ 90)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2016						
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial assets						
Convertible bond						
- call provision	Interest rate	± 20 bps	\$ 10	\$ 10	\$ -	\$ -
	Stock price	± 10%	30	10	-	-
	Volatility	± 5%	30	(10)	-	-
Total			<u>\$ 70</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2016						
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
	Input	Change				
Financial assets						
Convertible bond						
- call provision	Interest rate	± 20 bps	\$ 10	(\$ 10)	\$ -	\$ -
	Stock price	± 10%	40	(10)	-	-
	Volatility	± 5%	20	(20)	-	-
Total			<u>\$ 70</u>	<u>(\$ 40)</u>	<u>\$ -</u>	<u>\$ -</u>

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: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 4.

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 material, 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, 2017 and 2016 is as follows:

	Nine months ended September 30, 2017				
	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	\$ 2,419,935	\$ 8,549,548	\$ 3,622,012	\$ 4	\$ 14,591,499
Inter-segment revenue	84,887	65,414	1,874	3,727	155,902
Total segment revenue	<u>\$ 2,504,822</u>	<u>\$ 8,614,962</u>	<u>\$ 3,623,886</u>	<u>\$ 3,731</u>	<u>\$ 14,747,401</u>
Segment profit (loss)	<u>\$ 167,854</u>	<u>(\$ 2,962)</u>	<u>\$ 340,708</u>	<u>(\$ 4,947)</u>	<u>\$ 500,653</u>

	Nine months ended September 30, 2016				
	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	\$ 2,399,606	\$ 8,441,964	\$ 2,557,444	\$ 14,251	\$ 13,413,265
Inter-segment revenue	85,173	46,629	12,630	4,294	148,726
Total segment revenue	<u>\$ 2,484,779</u>	<u>\$ 8,488,593</u>	<u>\$ 2,570,074</u>	<u>\$ 18,545</u>	<u>\$ 13,561,991</u>
Segment profit (loss)	<u>\$ 180,139</u>	<u>\$ 60,905</u>	<u>\$ 236,373</u>	<u>(\$ 5,595)</u>	<u>\$ 471,822</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, 2017 and 2016 is provided as follows:

	Nine months ended September 30,	
	2017	2016
Reportable segments income	\$ 505,600	\$ 477,417
Other reportable segments loss	(4,947)	(5,595)
Total segments	500,653	471,822
Other gains and losses	45,164	7,540
Finance costs	(45,946)	(40,423)
Gain on disposal of investments	34,959	7,010
Impairment loss on financial assets	(7,600)	-
Income before tax from continuing operations	<u>\$ 527,230</u>	<u>\$ 445,949</u>

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Loans to others

For the nine months ended September 30, 2017

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, 2017 (Note 2)	Balance at September 30, 2017 (Note 6)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for bad debts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	Marketech International Corp.	Marketech International Sdn.Bhd.	Other receivables	Y	\$ 87,522	\$ 55,981	\$ 55,981	4.616	2	\$ -	Operations	\$ -	None	-	\$ 1,963,128	\$ 1,963,128	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	Other receivables	Y	31,065	-	-	-	2	-	Operations	-	None	-	386,381	386,381	Note 5
1	MIC-Tech Electronics Engineering Corp.	Fuzhou Jiwei System Integrated Co., Ltd.	Other receivables	Y	1,371	1,365	1,365	4.35	2	-	Operations	-	None	-	386,381	386,381	Note 5
1	MIC-Tech Electronics Engineering Corp.	ChenGao M&E Engineering (Shanghai) Co., Ltd.	Other receivables	Y	1,847	1,820	1,820	4.785	2	-	Operations	-	None	-	386,381	386,381	Note 5
1	MIC-Tech Electronics Engineering Corp.	Integrated Manufacturing & Services Co., Ltd.	Other receivables	Y	9,234	7,054	7,054	4.785	2	-	Operations	-	None	-	386,381	386,381	Note 5
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	61,707	61,437	61,437	4.35-4.785	2	-	Operations	-	None	-	193,190	386,381	Note 5
2	MIC-Tech (WuXi) Co., Ltd.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	6,925	-	-	-	2	-	Operations	-	None	-	4,006	8,012	Note 5
2	MIC-Tech (WuXi) Co., Ltd.	Integrated Manufacturing & Services Co., Ltd.	Other receivables	Y	13,851	-	-	-	2	-	Operations	-	None	-	8,012	8,012	Note 5
3	MIC-Tech (Shanghai) Corp.	Integrated Manufacturing & Services Co., Ltd.	Other receivables	Y	19,198	16,838	16,838	4.785-5.0025	2	-	Operations	-	None	-	250,223	250,223	Note 5
3	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Other receivables	Y	118,047	77,820	77,820	4.35-4.785	2	-	Operations	-	None	-	250,223	250,223	Note 5
4	MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	48,375	45,390	45,390	4.616	2	-	Operations	-	None	-	399,494	798,988	Note 4

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

(1) The Company is '0'.

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

Note 2: Fill in the maximum outstanding balance of loans to others during the nine months ended September 30, 2017.

Note 3: Fill in the nature of the loan as follows:

(1) Fill in 1 for business transactions and the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

(2) Fill in 2 for short-term financing and the purpose of loan, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 4: Limit on the loans from the Company and MIC-Tech Ventures Asia Pacific Inc.:

(1) Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company is 80% of the net assets based on the latest financial statements of subsidiaries who receive the loans. The following (2) and (3) do not apply to the limit.

(2) For business transactions, limit on loans granted for a single party is the amount of the transactions. The amount of the transactions is the higher value of purchasing and selling during current year on the year of financing.

(3) For short-term financing, limit on loans granted for a single party is 40% of the net assets of the lending companies. The amount of loans to a single party with short-term financing is the accumulated balance of the Company's short-term financing.

(4) Limit of the accumulated balance of loans from (2) and (3) is 40% of the net assets based on the latest financial statements of the lending companies.

Note 5: 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.

Note 6: The ending balance is the amount resolved by the Board of Directors.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the nine months ended September 30, 2017

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 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2017 (Note 5)	Outstanding endorsement/ guarantee amount at September 30, 2017 (Note 6)	Actual amount drawn down	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	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	2	\$ 2,453,911	\$ 66,346	\$ 55,320	\$ 50,807	-	1.13%	\$ 4,907,821	Y	N	N	Note 3
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	3	2,453,911	319,275	299,574	299,574	-	6.10%	4,907,821	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	3	2,453,911	972,634	972,634	339,085	-	19.82%	4,907,821	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	3	2,453,911	1,450,270	1,428,594	1,005,808	-	29.11%	4,907,821	Y	N	Y	Note 3
0	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	3	2,453,911	93,444	92,403	4,709	-	1.88%	4,907,821	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	3	2,453,911	31,996	31,856	-	-	0.65%	4,907,821	Y	N	Y	Note 3
0	Marketech International Corp.	Marketech International Sdn.Bhd.	3	2,453,911	30,260	30,260	-	-	0.62%	4,907,821	Y	N	Y	Note 3
0	Marketech International Corp.	Special Triumph Sdn. Bhd.	5	2,453,911	38,308	38,308	-	-	0.78%	4,907,821	N	N	N	Note 3
1	Marketech Co., Ltd.	MIC-Tech Viet Nam Co., Ltd.	3	8,782	8,320	7,804	7,804	-	133.29%	11,709	N	N	N	Note 4
2	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	3	724,464	4,340	4,278	4,278	-	0.89%	965,952	N	N	Y	Note 4
2	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	3	724,464	60,920	60,049	60,049	-	12.43%	965,952	N	N	Y	Note 4
2	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	5	1,448,928	71,415	71,103	71,103	-	14.72%	2,414,880	N	N	Y	Note 4

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

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
- (4) The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
- (5) Mutual guarantee of the trade as required by the construction contract.
- (6) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Limit on endorsements and guarantees stated in "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies":

- (1) In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.
- (2) Except for guarantees for contracting constructions, limit on the Company's accumulated endorsement/guarantee is the Company's net assets; limit on endorsement/guarantee to a single party is 50% of the Company's net assets. Limit on the total endorsement/guarantee of the Company and its subsidiaries as a whole is 1.5 times of the Company's net assets; limit on endorsement/guarantee to a single party is 75% of the Company's net assets.

Note 4: Limit on endorsements and guarantees of the 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 twice as 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 ultimate parent 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. However, the endorsements and guarantees of Marketech Co., Ltd. to the ultimate parent 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 5 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 150% of the net assets of Marketech Co., Ltd..

Limit on endorsements and guarantees of the Group's subsidiary - MIC-Tech Electronics Engineering 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 MIC-Tech Electronics Engineering Corp. Limit on endorsement/guarantee to a single party is three times of the net assets of MIC-Tech Electronics Engineering Corp..

(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 twice as 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 ultimate parent 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.

However, the endorsements and guarantees of MIC-Tech Electronics Engineering Corp. to the ultimate parent which it holds 100% of voting shares are not subjected.

(2-1-3) Total endorsements and guarantees of MIC-Tech Electronics Engineering Corp. and its subsidiaries are limited to 5 times of the net assets of MIC-Tech Electronics Engineering Corp..

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

(2-2-1) For the companies having business relationship with MIC-Tech Electronics Engineering Corp. 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 150% of the net assets of MIC-Tech Electronics Engineering Corp..

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

Note 6: As of the balance sheet date, companies which provide contracts or notes for endorsements/guarantees to banks bear the responsibility of endorsements/guarantees as credit limit of the contracts or notes are approved. Other related endorsements/guarantees should be included in the outstanding balance of endorsements/guarantees. The outstanding balance is the amount resolved by the Company's Board of Directors.

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, 2017

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

		As of September 30, 2017									
Securities held by	Type of marketable securities	Name of marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	Number of shares	Book value (Note 2)	Ownership (%)	Fair value	Collateral	Footnote	
Marketech International Corp.	Ordinary shares	Lasertec Corporation	None	Financial assets measured at fair value through profit or loss - current	20,000	\$ 12,438	-	\$ 12,438	None		
"	"	Solar Applied Materials Technology Corp.	"	"	44,078	705	-	705	"		
"	"	Aerospace Industrial Development Corp.	"	"	25,925	875	-	875	"		
						<u>\$ 14,018</u>		<u>\$ 14,018</u>			
"	Ordinary shares	Calitech Co., Ltd.	None	Available-for-sale financial assets - current	1,523,199	\$ 41,964	4.82%	\$ 41,964	None		
"	Ordinary shares	Taiwan Puritic Corp.	None	Financial assets measured at cost - non-current	6,191,181	\$ 39,287	10.32%	\$ -	None		
"	"	SOPower Technology Corp.	"	"	189,223	-	12.61%	-	"		
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	7,643	6.45%	-	"		
"	"	Taiwan Intelligent Fiber Optic Network Co.,Ltd.	"	"	3,868,261	44,024	1.58%	-	"		
"	"	H&D Venture Capital Investment Corp.	Entities controlled by key management or entities with significant influence	"	832,000	8,320	6.67%	-	"		
"	"	Civil Tech Pte. Ltd.	None	"	362,249	13,650	0.65%	-	"		
"	"	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	"	966,000	14,490	3.46%	-	"		
"	"	Top Green Energy Technologies, Inc.	"	"	1,111,111	3,000	0.89%	-	"		
"	"	IP Fund Six Co., Ltd.	"	"	1,000,000	10,000	1.79%	-	"		
"	"	Innorich Venture Capital Corp.	"	"	1,000,000	10,000	1.87%	-	"		
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	4,750	2.24%	-	"		
"	"	Long Time Technology Corp.	"	"	346,000	6,516	0.90%	-	"		
"	"	Paradigm Venture Capital Corp.	"	"	100,208	1,002	3.50%	-	"		
"	"	Taiwan Special Chemicals Corp.	"	"	901,333	9,013	0.31%	-	"		
"	"	BMR Technology Corp.	"	"	2,449,717	-	18.47%	-	"		
"	"	Atech Totalsolution Co., Ltd.	"	"	128,000	-	0.23%	-	"		
"	"	East Wind Life Science Systems	"	"	124,457	-	12.87%	-	"		
"	"	EcoLand Corp.	"	"	310,715	8,700	13.51%	-	"		
"	"	Radisen Co. Ltd	"	"	70,000	9,545	17.50%	-	"		
"	"	Taiwan Colour & Imaging Technology Corp.	"	"	1,700,000	25,330	13.03%	-	"		
"	"	Foresight Energy Technologies Co., Ltd.	"	"	1,350,000	10,875	4.50%	-	"		
"	"	Sum Capital Healthcare Investment Corp. (BE Healthcare Investment Co., Ltd.)	Entities controlled by key management or entities with significant influence	"	943,050	9,431	8.14%	-	"		
"	"	Intellicares co.,Ltd	"	"	200,000	2,000	19.99%	-	"		
"	Preferred stock	Engenuity System, Inc.	None	"	833,334	-	Note 3	-	"		
"	"	ACM Research Inc.	"	"	266,667	-	"	-	"		
"	"	Applied Harmonics Corporation	"	"	237,179	-	"	-	"		
"	"	Adant Technologies Inc.	"	"	174,520	6,509	"	-	"		
MIC-Tech (Shanghai) Corp. Ltd.	Ordinary shares	MIC-Tech (Beijing) Environment Co.	Entities controlled by key management or entities with significant influence	"	-	1,730	19.00%	-	"	Note 4	
		Total				<u>\$ 245,815</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.

Note 4: The initial investment in the investee, MIC-Tech (Beijing) Environment Co., is translated at the exchange rate at September 30, 2017.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine months ended September 30, 2017

Table 4

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 revenue	\$ 35,444	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.	0.24%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Non-operating revenue	5,616		0.04%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	13,796		0.09%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Construction revenue	10,716		0.07%
0	Marketech International Corp.	Marketech International Sdn. Bhd.	1	Other receivables	56,707		0.39%
0	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co.,Ltd.	1	Construction revenue	16,532		0.11%
1	eZoom Information, Inc.	Marketech International Corp.	2	Services revenue	28,305		0.19%
2	MIC-Tech Global Corp.	Marketech International Corp.	2	Sales revenue	34,247		0.23%
2	MIC-Tech Global Corp.	MIC-Tech (Shanghai) Corp.	3	Sales revenue	9,646		0.07%
3	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	Accounts payable	14,989		0.10%
3	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co.,Ltd.	3	Other receivables	61,437	0.42%	
3	MIC-Tech Electronics Engineering Corp.	Integrated Manufacturing & Services Co., Ltd.	3	Other receivables	7,054	0.05%	
4	MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	3	Other receivables	47,073	0.32%	
5	Shanghai Maohua Electronics Engineering Co.,Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	5,552	0.04%	
6	MIC-Tech (Shanghai) Corp.	Marketech International Corp.	3	Accounts payable	8,908	0.06%	
6	MIC-Tech (Shanghai) Corp.	Integrated Manufacturing & Services Co., Ltd.	3	Other receivables	16,838	0.11%	
6	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co. Ltd.	3	Other receivables	77,820	0.53%	

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, 2017

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note2)		Shares held as at September 30, 2017			Net profit (loss) of the investee for the nine months ended September 30, 2017	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017 (Note 1)	Footnote
				Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	\$ 192,522	\$ 160,177	8,225,040	100	(\$ 8,090)	(\$ 17,138)	(\$ 17,138)	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,245,570	1,209,166	38,369,104	100	1,000,553	(112,153)	(112,153)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	9,616	(4,062)	(1,162)	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	38,937	(839)	(839)	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	37,966	(411)	(411)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	10,129	10,129	421,087	100	3,498	(1,122)	(1,122)	The Company's subsidiary
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Myanmar	Design, manufacturing, installation of automatic production equipment and its parts	438,298	112,973	1,400,000	100	404,115	(5,059)	(5,059)	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	31,086	(2,126)	(2,126)	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	29,922	29,922	-	100	5,855	(3,345)	(3,345)	The Company's subsidiary
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	67,737	57,737	7,200,000	100	25,493	(8,032)	(8,032)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services	43,135	43,135	6,258,750	51.12	24,998	(2,203)	(1,126)	The Company's subsidiary
Marketech International Corp.	Glory Technology Service Inc..	Taiwan	Sale and installation of information and communication equipment	31,019	21,408	4,093,215	34.11	44,648	4,739	1,652	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	1,850	(70)	(14)	The Company's investee accounted for using equity method
Marketech International Corp.	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	38,042	38,042	1,199,000	99.92	36,252	750	750	The Company's subsidiary
Marketech International Corp.	Marketech Netherlands B.V	Netherlands	International trade business of machine and components and technical service	10,671	-	300,000	100	10,698	(25)	(25)	The Company's subsidiary
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,240,073	1,203,669	38,266,604	100	998,735	(112,050)	-	The investor's subsidiary

Table 5-1

Investor	Investee	Location	Main business activities	Initial investment amount (Note2)		Shares held as at September 30, 2017			Net profit (loss) of the investee for the nine months ended September 30, 2017	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017 (Note 1)	Footnote
				Balance as at September 30, 2017	Balance as at December 31, 2016	Number of shares	Ownership (%)	Book value			
Marketech Integrated Pte Ltd.	Marketech International Sdn. Bhd.	Malaysia	Specialized contracting and related repair services	\$ 41,242	\$ 41,242	5,984,000	48.88	\$ 25,044	\$ (2,203)	-	The Company's investee accounted for using equity method
Marketech Engineering Pte Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Contracting for electrical installing construction	8,569	8,569	28,500	95	2,916	(1,074)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Hong Kong	Investment holding and reinvestment	34,551	28,521	833,000	100	(33,316)	(15,120)	-	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	5,716	(304)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Hong Kong	Investment holding and reinvestment	95,290	58,887	4,200,000	100	30,752	(5,745)	-	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	3,675	4,588	-	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	30	750	-	The investor's investee accounted for using equity method

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

Note 2: Except for subsidiaries in Malaysia are translated at the current rate as of September 30, 2017, 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, 2017

Table 6

Expressed in thousands of NTD

1. Basic information

(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, 2017 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2017 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017 (Note 3)	Net income of investee for the nine months ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017 (Note 2)	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	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	\$ 771,630	Note 1(2)	\$ 620,330	\$ -	\$ -	\$ 620,330	(\$ 15,596)	100	(\$ 15,165)	\$ 6,509	\$ -	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	249,373	Note 1(2)	15,130	-	-	15,130	(4,978)	100	(4,978)	312,779	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	9,078	Note 1(2)	9,078	-	-	9,078	(671)	100	(671)	(1,505)	-	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	18,156	Note 1(2)	18,247	-	-	18,247	(18,301)	87	(15,004)	(33,656)	-	Note 2 (2)B

Table 6-1

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, 2017 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2017 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017 (Note 3)	Net income of investee for the nine months ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017 (Note 2)	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech Electronics Engineering Corp.	General contracting for electrical installing construction, specialized contracting for electrical installing construction, specialized contracting for electronic engineering, specialized contracting for petroleum and chemical equipment installation, specialized contracting for channel and guarantee for post construction and consulting service for related construction technology	\$ 533,151	Note 1(2)	\$ 257,815	\$ -	\$ -	\$ 257,815	(\$ 76,453)	100	(\$ 76,453)	\$ 482,976	\$ -	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.	9,229	Note 1(2)	1,483	-	-	1,483	(4,219)	49	(2,067)	471	-	Note 2 (2)B
ChenGao M&E Engineering (Shanghai) Co., Ltd.	Design of microelectronic products and display devices, consulting service for related technology and management	6,052	Note 1(2)	6,052	-	-	6,052	(91)	100	(91)	(2,594)	-	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	69,840	Note 1(2)	27,936	-	-	27,936	(277)	100	(277)	5,695	-	Note 2 (2)B
Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device	127,092	Note 1(2)	45,390	36,312	-	81,702	(5,745)	100	(5,745)	29,997	-	Note 2 (2)B

Table 6-2

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, 2017 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2017 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017 (Note 3)	Net income of investee for the nine months ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017 (Note 2)	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, and consulting service for trading	\$ 45,390	Note 1(2)	\$ 45,390	\$ -	\$ -	\$ 45,390	(\$ 14,236)	100	(\$ 14,236)	\$ 24,398	\$ -	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	28,956	Note 1(2)	9,101	-	-	9,101	4,617	31.43	1,451	3,665	-	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, 2017' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - C. Others - 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, 2017 (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
Marketch International Corp.	\$ 1,104,181	\$ 1,940,179	\$ 2,944,693

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, 2017 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.