MARKETECH INTERNATIONAL CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

AND REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Marketech International Corp. (the "Company") as at December 31, 2016 and 2015, and the parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the company as at December 31, 2016 and 2015, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Marketech International Corp. parent company only financial statements of the year ended December 31, 2016. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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Recognition of construction revenue

Description

Please refer to Notes 4(12) and 4(18) for accounting policy on construction contract and revenue. Please refer to Note 5(2) for the details of uncertainty of construction contract accounting estimation and assumption. Please refer to Notes 6(19) and 6(6) for description on construction revenue and construction cost.

The Company recognized revenue and profit by using the percentage of completion method. This method is also being used to calculate the cost in each contract at the year-end. The management will re-evaluate the cost if the budget had increased or decreased, and depending on the cost after adjustment to recalculate the percentage of completion. The construction revenue may be affected by the appropriateness of determination of cost and estimated cost. Thus, we considered this as one of the key audit matters.

How our audit addressed the matter

We tailored the audit scope as follows:

A. Obtained an understanding of the managements' control system when the contract has been created or significant change in estimate cost.

B. Obtained the newly added construction contract list for this fiscal year, and ensure that the total contract price is equal to the amount being used to calculate construction revenue. Ensure that the construction supplement can be traced back to supplementary contracts.

C. Checked the construction cost estimation sheets incurred in the current period, and sampling the basis of estimation and subcontracting amount, and ensure it has been approved appropriately by the management.

D. Checked the rationality of significant changes in estimation of construction cost, and sample test whether the revised plan has been approved by the management.

E. Obtained the billing details, and select samples of related vouchers by using statistical procedure to check the correctness of input cost in engineering reports and computation of percentage of completion.

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Valuation on inventories

Description

Please refer to Note 4(11) for description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(6) for the description of inventory.

The Company is primarily engaged in import and export trading business, which include integrated circuit, electronic equipment, and materials, components used on electronic equipment. Due to the rapid technological changes, the semiconductor equipment industry has become more and more competitive, and the product price frequently changes. Therefore, the Company is now exposed to risk on inventory valuation loss and slow-moving inventory. Inventories are stated at the lower of cost or net realizable value, slow-moving inventories are using specific identification method to estimate the allowance for inventory valuation losses.

The base stock of inventories are based on assumptions of future demand and development plan. Due to the large quantity of inventories, and since the amounts involved are significant, the determination of net realisable value for obsolete or slow-moving inventory involves subjective judgement resulting in high degree of estimation uncertainty. As a result of the high uncertainties in these estimates, we considered this is one of the key audit matters.

How our audit addressed the matter

We tailored the audit scope as follows:

A. Assessed the reasonableness of the allowance for inventory valuation losses based on our understanding of the Company's operating conditions and industry. This includes the classification of the net realizable value of inventories, the evidence which showed the inventories were subsequently scrapped or sold, and the judgement on slow-moving inventories are reasonable.

B. Obtained an understanding of the Company's inventory control procedures. Review annual inventory counting plan and participate in the annual inventory counting event.

C. Verified the appropriateness of the stock aging analysis, and ensured it is consistent with the Company's policy.

D. Inspected the sales contracts and discussed with the management to evaluate the reasonableness of the future demand for inventories. In order to assess the reasonableness of allowance for inventory valuation losses, we sampled inventories to verify the digestion of inventories and historical data of inventory discount.

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Valuation of allowance of accounts receivable

Description

Please refer to Note 4(8) for accounting policy of accounts receivable. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to accounts receivable. Please refer to Note 6(5) for the description of accounts receivable.

First, the Company assessed the significant accounts receivable individually, and for those are not significant can be assessed either individually or collectively. If there is no impairment after individual assessment, then the group of accounts receivable will be added for collectively assessment. If the accounts receivable over a certain age is significant, the management will re-examine the collectibility, assesses each case for possible impairment. Management uses professional judgement during the process, and accounting estimates have a high possibility of becoming inappropriate. The professional judgment may be affected by the following issues. Such as customer's financial status, internal credit rating, order history, and economic situation. Thus, obtaining the supporting documents which management used for judgement is important. Thus, we considered the assessment on allowance for bad debts as one of our key audit matters.

How our audit addressed the matter

We tailored the audit scope as follows:

A. Obtained an understanding of the process which management used to evaluate the collectibility of accounts receivable.

B. Ensured that the classification of impairment in the group of accounts receivable is appropriate and in accordance with the Company's accounting policy.

C. Checked the details of significant impairment recognized by the management, against the supporting documents to verify appropriateness.

D. Verified the subsequent collections details of significant accounts receivable.

E. Obtained the details of significant accounts receivable which has not yet been collected at the year end, and re-evaluated the appropriateness.

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Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Lin, Chun-Yao

Lin, Chun-Yao

Chang, Shu-Chiung

Chang, Shu-Chiung

for and on behalf of PricewaterhouseCoopers, Taiwan

February 20, 2017

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

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.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 881,517	8	$ 670,818	7
1110	Financial assets at fair value through profit or loss - current	6(2)	7,297	-	5,719	-
1125	Available-for-sale financial assets - current	6(3)	63,853	1	-	-
1150	Notes receivable, net	6(4)	136,651	1	63,435	1
1170	Accounts receivable, net	6(5)(7)	2,642,947	24	1,950,129	21
1180	Accounts receivable - related parties, net	7	11,098	-	22,474	-
1190	Construction contracts receivable	6(7) and 7	1,935,864	17	1,613,903	17
1200	Other receivables	7	85,969	1	21,871	-
130X	Inventories, net	6(6)	1,949,583	18	1,566,187	17
1410	Prepayments		305,882	3	155,739	2
1470	Other current assets	8	19,882	-	43,506	-
11XX	**Total current assets**		8,040,543	73	6,113,781	65
	Non-current assets					
1543	Financial assets at cost-non-current	6(8)	254,873	2	285,816	3
1550	Investments accounted for using equity method	6(9)	1,471,719	14	1,653,587	18
1600	Property, plant and equipment, net	6(10) and 7	1,120,544	10	1,126,399	12
1780	Intangible assets	7	15,515	-	12,265	-
1840	Deferred tax assets	6(23)	113,923	1	108,037	1
1900	Other non-current assets	6(9)(10)	20,757	-	42,037	1
15XX	**Total non-current assets**		2,997,331	27	3,228,141	35
1XXX	**Total Assets**		$ 11,037,874	100	$ 9,341,922	100

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MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)	$ 550,000	5	$ 490,000	5
2150	Notes payable		858,352	8	806,991	9
2170	Accounts payable		2,339,645	21	1,685,147	18
2180	Accounts payable - related parties	7	24,306	-	20,141	-
2190	Construction contracts payable	6(7)	1,136,463	10	1,099,852	12
2200	Other payables	6(12)	338,486	3	301,666	3
2230	Current tax liabilities	6(23)	93,751	1	77,393	1
2310	Advance receipts		423,408	4	217,263	2
2399	Other current liabilities, others		9,566	-	21,872	-
21XX	**Total current liabilities**		5,773,977	52	4,720,325	50
	Non-current liabilities					
2530	Corporate bonds payable	6(13)	477,153	5	-	-
2570	Deferred tax liabilities	6(23)	10,350	-	30,644	-
2640	Net defined benefit liability - non-current	6(14)	144,643	1	130,590	2
2670	Other non-current liabilities, others	6(9)	24,140	-	767	-
25XX	**Total non-current liabilities**		656,286	6	162,001	2
2XXX	**Total Liabilities**		6,430,263	58	4,882,326	52
	Equity					
	Share capital	6(16)				
3110	Ordinary shares		1,650,698	15	1,650,698	18
	Capital surplus	6(17)				
3200	Capital surplus		648,446	6	618,773	7
	Retained earnings	6(18)				
3310	Legal reserve		575,258	5	529,385	6
3320	Special reserve		92,239	1	92,239	1
3350	Unappropriated retained earnings		1,667,955	15	1,542,603	16
	Other equity interest					
3400	Other equity interest		(26,985)	-	25,898	-
3XXX	**Total Equity**		4,607,611	42	4,459,596	48
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total Liabilities and Equity**		$ 11,037,874	100	$ 9,341,922	100

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	2016 AMOUNT	2016 %	2015 AMOUNT	2015 %
			Year ended December 31			
4000	**Operating Revenue**	6(19) and 7	$ 13,308,343	100	$ 12,482,462	100
5000	**Operating Costs**	6(6)(22) and 7	(11,559,334)	(87)	(10,996,701)	(88)
5900	**Gross Profit**		1,749,009	13	1,485,761	12
	Operating Expenses	6(22) and 7				
6100	Sales and marketing expenses		(271,458)	(2)	(256,264)	(2)
6200	General and administrative expenses		(499,353)	(4)	(439,859)	(4)
6300	Research and development expenses		(208,022)	(1)	(173,307)	(1)
6000	**Total operating expenses**		(978,833)	(7)	(869,430)	(7)
6900	**Operating Profit**		770,176	6	616,331	5
	Non-operating Income and Expenses					
7010	Other income	6(20) and 7	101,828	1	64,137	1
7020	Other gains and losses	6(2)(8)(21)	(4,946)	-	28,670	-
7050	Finance costs		(12,322)	-	(8,161)	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method		(183,210)	(2)	(127,460)	(1)
7000	**Total non-operating income and expenses**		(98,650)	(1)	(42,814)	-
7900	**Profit before Income Tax**		671,526	5	573,517	5
7950	Income tax expense	6(23)	(156,375)	(1)	(114,793)	(1)
8200	**Net Income**		$ 515,151	4	$ 458,724	4
	Other Comprehensive Income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on remeasurements of defined benefit plans	6(14)	($ 15,975)	-	($ 17,831)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	2,716	-	3,031	-
8310	**Total components of other comprehensive loss that will not be reclassified to profit or loss**		(13,259)	-	(14,800)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign operations		(99,042)	(1)	(38,655)	(1)
8362	Unrealized gains on valuation of available-for-sale financial assets	6(3)	29,408	-	-	-
8380	Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using equity method		(104)	-	16	-
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(23)	16,855	-	6,574	-
8360	**Total components of other comprehensive loss that will be reclassified to profit or loss**		(52,883)	(1)	(32,065)	(1)
8300	**Other comprehensive loss, net of tax**		($ 66,142)	(1)	($ 46,865)	(1)
8500	**Total Comprehensive Income**		$ 449,009	3	$ 411,859	3
	Basic earnings per share	6(24)				
9750	**Basic earnings per share**		$	3.12	$	2.78
	Diluted earnings per share	6(24)				
9850	**Diluted earnings per share**		$	2.95	$	2.73

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves		Retained Earnings			Other equity interest		
	Notes	Share capital - ordinary shares	Capital surplus - share premium	Capital surplus - 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	Total equity
Year ended December 31, 2015										
Balance at January 1, 2015		$1,650,698	$ 616,003	$ 351	$ 490,931	$ 92,239	$ 1,467,273	$ 57,963	$ -	$4,375,458
Appropriation and distribution of 2014 earnings: (Note)	6(18)									
Legal reserve		-	-	-	38,454	-	(38,454)	-	-	-
Cash dividends		-	-	-	-	-	(330,140)	-	-	(330,140)
Share-based payment	6(15)(17)	-	-	2,419	-	-	-	-	-	2,419
Profit for 2015		-	-	-	-	-	458,724	-	-	458,724
Other comprehensive loss for 2015		-	-	-	-	-	(14,800)	(32,065)	-	(46,865)
Balance at December 31, 2015		$1,650,698	$ 616,003	$ 2,770	$ 529,385	$ 92,239	$ 1,542,603	$ 25,898	$ -	$4,459,596
Year ended December 31, 2016										
Balance at January 1, 2016		$1,650,698	$ 616,003	$ 2,770	$ 529,385	$ 92,239	$ 1,542,603	$ 25,898	$ -	$4,459,596
Appropriation and distribution of 2015 earnings: (Note)	6(18)									
Legal reserve		-	-	-	45,873	-	(45,873)	-	-	-
Cash dividends		-	-	-	-	-	(330,140)	-	-	(330,140)
Share-based payment	6(15)(17)	-	-	8,537	-	-	-	-	-	8,537
Changes in equity of subsidiaries, associates and joint ventures accounted for using equity method		-	-	-	-	-	(527)	-	-	(527)
Due to recognition of equity component of convertible bonds issued	6(13)(17)	-	-	21,136	-	-	-	-	-	21,136
Profit for 2016		-	-	-	-	-	515,151	-	-	515,151
Other comprehensive income (loss) for 2016		-	-	-	-	-	(13,259)	(82,291)	29,408	(66,142)
Balance at December 31, 2016		$1,650,698	$ 616,003	$ 32,443	$ 575,258	$ 92,239	$ 1,667,955	($ 56,393)	$ 29,408	$4,607,611

Note: The stockholders have resolved to distribute directors' and supervisors' remuneration of $6,197 and employees' bonus of $40,000 for 2015 and distribute directors' and supervisors' remuneration of $3,461 and employees' bonus of $34,715 for 2014. All amounts have been deducted from the statements of comprehensive income.

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

MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 671,526	$ 573,517
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(21)	(1,328)	(863)
Provision for bad debt expense	12	28,000	36,226
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method		183,210	127,460
(Gain) loss on disposal of investments	6(21)	(7,894)	681
Depreciation	6(10)(22)	73,458	70,666
Amortisation	6(22)	13,648	10,272
Loss (gain) on disposal of property, plant and equipment		102	(269)
Impairment loss on financial assets	6(21)	-	14,829
Compensation cost of share-based payments	6(15)(17)(22)	8,537	2,419
Interest income		(1,749)	(503)
Interest expense		12,322	8,161
Dividend income		(14,624)	(9,169)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets measured at fair value through profit or loss - current		-	6,841
Notes receivable, net		(73,216)	(45,551)
Accounts receivable, net		(720,818)	87,137
Accounts receivable - related parties, net		11,376	14,147
Construction contracts receivable		(321,961)	144,238
Other receivables		(64,809)	18,067
Inventories, net		(383,396)	(314,849)
Prepayments		(150,143)	52,941
Other current assets		18,689	(16,664)
Changes in operating liabilities			
Notes payable		51,361	(657)
Accounts payable		654,498	(686,136)
Accounts payable - related parties		4,165	(972)
Construction contracts payable		36,611	183,094
Other payables		36,668	4,530
Advance receipts		206,145	56,191
Other current liabilities, others		(12,306)	12,408
Other non-current liabilities		(1,922)	(2,358)
Cash inflow generated from operations		256,150	345,834
Interest received		1,092	501
Dividends received		14,624	12,849
Interest paid		(9,128)	(8,066)
Income tax paid		(145,259)	(123,653)
Net cash flows from operating activities		117,479	227,465

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MARKETECH INTERNATIONAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets - current		$ 1,889	$ -
Acquisition of financial assets measured at cost – non-current		(20,131)	(21,259)
Proceeds from disposal of financial assets measured at cost – non-current		13,449	271
Proceeds from capital reduction of financial assets measured at cost – non-current		9,185	12,689
Acquisition of investments accounted for using equity method – subsidiaries		(93,243)	(240,835)
Acquisition of investments accounted for using equity method – non-subsidiaries		(1,408)	(42,000)
Proceeds from disposal of investments accounted for using equity method – non-subsidiaries		307	-
Proceeds from capital reduction of investments accounted for using equity methodity method		41,182	-
Acquisition of property, plant and equipment	6(10)	(70,282)	(28,297)
Proceeds from disposal of property, plant and equipment	6(10)	2,577	349
Acquisition of intangible assets		(16,898)	(8,068)
Decrease in refundable deposits		1,663	308
Increase in prepayments for investments	6(9)	-	(24,548)
Net cash flows used in investing activities		(131,710)	(351,390)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		60,000	490,000
Increase in guarantee deposits received		70	-
Proceeds from issuance of bonds		495,000	-
Cash dividends paid	6(18)	(330,140)	(330,140)
Net cash flows from financing activities		224,930	159,860
Net increase in cash and cash equivalents		210,699	35,935
Cash and cash equivalents at beginning of year	6(1)	670,818	634,883
Cash and cash equivalents at end of year	6(1)	$ 881,517	$ 670,818

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

MARKETECH INTERNATIONAL CORP.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

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 is mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical and computer equipment and materials, chemicals, gas, components; (ii) factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitor system, Turn-key and Hook-up Project and (iii) design and manufacturing of customized equipment.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The parent company only financial statements were approved and authorized for issuance by the Board of Directors on February 20, 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”)

None.

(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 FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
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 Company's financial condition and operating result based on the Company's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (Note)
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
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 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
IFRS 16, ‘Leases’	January 1, 2019
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

Note : The aforementioned new, revised or amended standards or interpretations are effective after fiscal year beginning on or after the effective dates, unless specified otherwise.

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. 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.

D. 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.

E. IFRIC 22, ‘Foreign currency transactions and advance consideration’

The Interpretation states that the date of the transaction for a foreign currency-denominated contract should be the date of initial recognition of the non-monetary asset or non-monetary liability arising from the receipt or payment of the advance consideration.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

A. Except for the following items, the parent company only 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars (NTD), which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate or jointly controlled entity after losing significant influence over the former foreign associate, or losing joint control of the former jointly controlled entity, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

C. Assets and liabilities relating of undertaking construction are classified as a current and non-current based on operating cycle.

(5) Cash and cash equivalents

A. Cash and cash equivalents include petty cash, bank deposits and other short-term and highly liquid investments in the separate statements of cash flows.

B. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

B. On a regular way purchase or sale basis, financial assets held for trading, except for beneficiary certificates, are recognised and derecognised using settlement date accounting. Others are recognised and derecognised using trade date accounting. Financial assets initially designed at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(7) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(8) Notes and accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

A. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) <u>Financial assets measured at amortised cost</u>

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) <u>Financial assets measured at cost</u>

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset directly.

(c) <u>Available-for-sale financial assets</u>

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) <u>Derecognition of financial assets</u>

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) <u>Inventories</u>

The perpetual inventory system is adopted for inventory recognition. Cost is the basis for recognition and is determined using the weighted-average method. Costs include acquisition, manufacturing or processing costs to make inventories available for sale or use. These exclude borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value for the measure of the ending inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) <u>Construction contracts</u>

A. IAS 11, 'Construction Contracts', defines a construction contract as a contract specifically negotiated for the construction of an asset. If the outcome of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue should be recognised by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract. An expected loss where total contract costs will exceed total contract revenue on a construction contract should be recognised as an expense as soon as such loss is probable. If the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognised only to the extent of contract costs incurred that it is probable will be recoverable.

B. Contract revenue should include the revenue arising from variations from the original contract work, claims and incentive payments that are agreed by the customer and can be measured reliably.

C. The excess of the cumulative costs incurred plus recognised profits (less recognised losses) over the progress billings on each construction contract is presented as an asset within 'Construction contracts receivable'. While, the excess of the progress billings over the cumulative costs incurred plus recognised profits (less recognised losses) on each construction contract is presented as a liability within 'Construction contracts payable'.

(13) Investments accounted for using equity method / subsidiaries, associates and joint ventures

A. Investments in subsidiaries

(a) Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(b) Unrealised profit (loss) occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

(c) The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

(d) If changes in shareholdings in subsidiaries do not result in loss in control (transactions with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

(e) When the Company loses its control in a subsidiary, the Company revalues the remaining investment in the prior subsidiary at fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Investments in associates

(a) Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

(b) The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

(c) When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

(d) Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

(e) In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

(f) Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

(g) When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(h) When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

C. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared for consolidation.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	4～55 years
Machinery and office equipment	3～15 years
Other equipment	2～8 years

(15) Leases (leasee)

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

(16) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

B. Trademarks

Trademarks are acquired in a business combination.

C. Other intangible assets

Other intangible assets are technology royalties which are stated at cost and amortised on a straight-line basis over the contract duration.

(17) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. Goodwill is evaluated annually and is recorded as cost less impairment loss. Impairment loss of goodwill shall not be reversed.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(18) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Financial liabilities and equity instruments

Convertible corporate bonds preference shares issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument ('capital surplus—share options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

A. Call options and put options embedded in convertible corporate bonds are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. Bonds payable of convertible corporate bonds is initially recognised at fair value and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

C. Conversion options embedded in convertible corporate bonds issued by the Company, which meet the definition of an equity instrument, are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' and 'bonds payable—net' as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to the liability and equity components in proportion to the allocation of proceeds.

E. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component plus the book value of capital surplus - share options.

(22) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognised at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortisation and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(26) <u>Share capital</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) <u>Dividends</u>

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) <u>Revenue recognition</u>

A. Construction revenue

Details of construction revenue are provided in Note 4(12).

B. Sales of goods

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods (products) to external customers in the ordinary course of the Company’s activities. Revenue arising from the sales of goods should be recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods (products) is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods (products) sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

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

The preparation of these parent company only financial statements require management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Construction contracts

The Company recognises contract revenue and profit based on management's evaluation of contract profit and percentage of completion. Management assesses and adjusts the contract profit and cost during execution of the contract. The actual result of the total profit and cost may be higher or lower than the estimation, and the effect is recognised in revenue and profit.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Assessing the doubtful accounts

During the process of assessing the doubtful accounts, the Group use judgement and evaluation to consider the possibility of collecting it. The collectability assessment is affected on various factors: customers' financial conditions, historical transaction records, current economic conditions, etc. If the collectability of those accounts is in doubt, the Group will recognize allowance for uncollectible account individually. The evaluation of allowance is based on the status of balance sheets date for reasonable expectations of future events, the actual results may be different than estimation. Therefore, it may have significant changes.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand	$ 4,934	$ 8,762
Checking accounts and demand deposits	876,583	662,056
Total	$ 881,517	$ 670,818

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

Company's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Company has no cash and cash equivalents pledged to others.

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

	December 31, 2016	December 31, 2015
Financial assets held for trading		
Listed stocks	$ 7,592	$ 7,592
Call provision of convertible corporate bonds (Note 6(13))	250	-
	7,842	7,592
Valuation adjustment	(545)	(1,873)
Total	$ 7,297	$ 5,719

A. The Company recognised net gain of $1,528 and $863 on financial assets held for trading for the years ended December 31, 2016 and 2015, respectively.

B. The Company recognised net gain (loss) of ($200) and $0 on the call provision of convertible corporate bonds issued by the Company for the years ended December 31, 2016 and 2015, respectively.

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

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

	December 31, 2016	December 31, 2015
Listed stocks		
Cailtech Co., Ltd.	$ 34,445	$ -
Valuation adjustment	29,408	-
Total	$ 63,853	$ -

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 reclaimed 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 income amounting to $29,408 for the year ended December 31, 2016.

C. The Company has no available-for-sale financial assets pledged to others.

(4) Notes receivable

	December 31, 2016	December 31, 2015
Notes receivable	$ 137,876	$ 64,660
Less: allowance for bad debts	(1,225)	(1,225)
Total	$ 136,651	$ 63,435

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

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

(5) Accounts receivable

	December 31, 2016	December 31, 2015
Accounts receivable	$ 2,853,235	$ 2,133,007
Less: allowance for bad debts	(210,288)	(182,878)
Total	$ 2,642,947	$ 1,950,129

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

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

(6) Inventories

	December 31, 2016		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	$ 325,179	($ 16,681)	$ 308,498
Merchandise inventory	323,738	(30,298)	293,440
Raw materials	463,017	(9,766)	453,251
Supplies	26,722	(1,084)	25,638
Work in process	764,992	(3,106)	761,886
Semi-finished goods and finished goods	112,935	(6,065)	106,870
Total	$ 2,016,583	($ 67,000)	$ 1,949,583

	December 31, 2015		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	$ 475,355	($ 13,344)	$ 462,011
Merchandise inventory	288,164	(26,711)	261,453
Raw materials	314,593	(10,481)	304,112
Supplies	22,733	(1,301)	21,432
Work in process	382,739	(5,646)	377,093
Semi-finished goods and finished goods	143,603	(3,517)	140,086
Total	$ 1,627,187	($ 61,000)	$ 1,566,187

A. Relevant expenses of inventories recognised as operating costs for the years ended December 31, 2016 and 2015 are as follows:

	Years ended December 31, 2016	Years ended December 31, 2015
Construction cost	$ 5,790,851	$ 6,749,279
Cost of sales	5,045,900	3,640,648
Other operating cost	716,583	611,774
Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories (Note)	6,000	(5,000)
Total	$ 11,559,334	$ 10,996,701

Note: The gain on reversal was recognized when certain inventories which were previously provided with allowance were subsequently scrapped or sold.

B. The Company has no inventories pledged to others.

(7) Construction contracts receivable / payable

	December 31, 2016	December 31, 2015
Aggregate costs incurred plus recognised profits (less recognised losses)	$ 17,639,143	$ 14,622,032
Less: progress billings	(16,839,742)	(14,107,981)
Net balance sheet position for construction in progress	$ 799,401	$ 514,051
Presented as:		
Construction contracts receivable	$ 1,935,864	$ 1,613,903
Construction contracts payable	(1,136,463)	(1,099,852)
	$ 799,401	$ 514,051
Retentions relating to construction contracts	$ 63,444	$ 40,509
Advances received before the related construction work is performed	$ -	$ -

(8) Financial assets at cost - non-current

	December 31, 2016	December 31, 2015
Non-current items:		
Taiwan Intelligent Fiber Optic Network Co., Ltd.	$ 44,024	$ 44,024
Ares Green Technology Corp.	43,481	43,481
Taiwan Puritic Corp.	39,287	39,287
Civil Tech Pte. Ltd.	16,438	19,500
VEEV Interactive Pte. Ltd.	15,243	15,243
ProbeLeader Co., Ltd.	14,490	14,490
IP Fund Six Co., Ltd.	10,000	10,000
Innorich Venture Capital Corp.	10,000	10,000
H&D Venture Capital Investment Corp.	8,320	12,800
Calitech Co., Ltd.	-	38,563
Others (companies individually not exceeding $10,000)	53,590	38,428
Total	$ 254,873	$ 285,816

A. According to the Company's investment purpose, the abovementioned stocks held by the Company shall be classified as 'available-for-sale financial assets'. However, as the stocks are not traded in an active market, and no sufficient industry information of companies similar to the abovementioned companies can be obtained, the fair value of the stocks cannot be measured reliably. Accordingly, the Company classified those stocks as 'financial assets at cost – non-current'.

B. Since Calitech Co., Ltd. was listed on the Taipei Exchange in September 2016, the Company has reclassified the investments as available-for-sale financial assets – current for the purpose of the original acquisition.

C. The ending balances of VEEV Interactive Pte. Ltd. for the year ended December 31, 2015 was assessed to decline and would be lower than the original investment cost. Therefore, impairment loss of $10,000 was recognised on equity investment.

D. The ending balances of SOPOWER Technology Corp. for the year ended December 31, 2015 was assessed to decline and would be lower than the original investment cost. Therefore, impairment loss of $4,500 was recognised on equity investment.

E. The Company has no financial assets measured at cost pledged to others.

(9) Investments accounted for using equity method / prepayments for long – term investments

	December 31,			
	2016		2015	
	Carrying amount	% interest held	Carrying amount	% interest held
Subsidiaries:				
Market Go Profits Ltd.	$ 1,104,837	100%	$ 1,310,110	100%
Marketech Integrated Manufacturing Company Limited	98,860	100%	53,107	100%
Headquarter International Ltd.	42,383	100%	43,123	100%
Tiger United Finance Ltd.	40,897	100%	41,743	100%
PT Marketech International Indonesia	38,718	99.92%	-	-
MIC-Tech Viet Nam Co., Ltd.	35,389	100%	41,942	100%
Marketech International Sdn. Bhd.	26,198	51.12%	20,770	34%
eZoom Information, Inc.	23,525	100%	25,270	100%
MIC-Tech Global Corp.	10,910	100%	5,686	100%
Marketech Co., Ltd. (Hoa Phong Marketech Co., Ltd.)	9,778	100%	14,879	100%
Marketech Engineering Pte. Ltd.	4,897	100%	6,404	100%
Marketech Integrated Pte. Ltd.	(24,071)	100%	18,792	100%
Add: Credit of long-term equity investment transfer to‘other non-current liabilities, others’	24,071	-	-	-
Associates:				
Glory Technology Service Inc.	33,463	35%	28,316	40%
MIC Techno Co., Ltd.	1,864	20%	1,882	20%
Solmark Advanced Materials Technology, Inc.	-	-	41,274	30%
True Victor International Limited	-	-	289	38.57%
	$ 1,471,719		$ 1,653,587	
Prepayments for long-term investments (shown as ‘other non-current assets’)				
Marketech International Sdn. Bhd.	$ -		$ 24,548	

A. Subsidiaries

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's 2016 consolidated financial statements.

B. Associates

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

	Years ended December 31, 2016	Years ended December 31, 2015
Profit for the period from continuing operations	$ 10,869	$ 3,835
Other comprehensive income - net of tax	-	27
Total comprehensive income	$ 10,869	$ 3,862

(10) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
At January 1, 2016						
Cost	$ 205,438	$ 1,403,928	$ 363,601	$ 106,498	$ 7,730	$ 2,087,195
Accumulated depreciation	-	(573,506)	(298,165)	(81,858)	(7,267)	(960,796)
Book value	$ 205,438	$ 830,422	$ 65,436	$ 24,640	$ 463	$ 1,126,399
Year ended December 31, 2016						
Opening net book amount	$ 205,438	$ 830,422	$ 65,436	$ 24,640	$ 463	$ 1,126,399
Additions	-	8,095	21,371	26,272	12,619	68,357
Transfers (Note)	-	1,576	-	-	349	1,925
Disposals	-	(72)	(378)	(18)	(2,211)	(2,679)
Depreciation	-	(42,962)	(18,182)	(12,027)	(287)	(73,458)
Closing net book amount	$ 205,438	$ 797,059	$ 68,247	$ 38,867	$ 10,933	$ 1,120,544
At December 31, 2016						
Cost	$ 205,438	$ 1,413,168	$ 380,126	$ 124,582	$ 18,040	$ 2,141,354
Accumulated depreciation	-	(616,109)	(311,879)	(85,715)	(7,107)	(1,020,810)
Book value	$ 205,438	$ 797,059	$ 68,247	$ 38,867	$ 10,933	$ 1,120,544

	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
At January 1, 2015						
Cost	$ 205,438	$ 1,389,528	$ 355,159	$ 101,979	$ 22,451	$ 2,074,555
Accumulated depreciation	-	(528,855)	(287,577)	(81,046)	(8,229)	(905,707)
Book value	$ 205,438	$ 860,673	$ 67,582	$ 20,933	$ 14,222	$ 1,168,848
Year ended December 31, 2015						
Opening net book amount	$ 205,438	$ 860,673	$ 67,582	$ 20,933	$ 14,222	$ 1,168,848
Additions	-	3,219	7,311	13,624	4	24,158
Transfers (Note)	-	11,181	6,610	-	(13,652)	4,139
Disposals	-	-	(69)	(11)	-	(80)
Depreciation	-	(44,651)	(15,998)	(9,906)	(111)	(70,666)
Closing net book amount	$ 205,438	$ 830,422	$ 65,436	$ 24,640	$ 463	$ 1,126,399
At December 31, 2016						
Cost	$ 205,438	$ 1,403,928	$ 363,601	$ 106,498	$ 7,730	$ 2,087,195
Accumulated depreciation	-	(573,506)	(298,165)	(81,858)	(7,267)	(960,796)
Book value	$ 205,438	$ 830,422	$ 65,436	$ 24,640	$ 463	$ 1,126,399

Note: Transfers are transferred from prepayment for equipment (recorded as 'other non-current assets').

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

B. The Company has no property, plant and equipment pledged to others.

(11) Short-term borrowings

	December 31, 2016	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowing	$ 550,000	0.95%~0.987%	None

	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowing	$ 490,000	1.05%~1.1%	None

(12) Other payables

	December 31, 2016	December 31, 2015
Salaries and bonus payable	$ 230,885	$ 207,168
Accrued employees' compensation and directors' and supervisors' remuneration	82,997	46,197
Others	24,604	48,301
Total	$ 338,486	$ 301,666

(13) Bonds payable

	December 31, 2016	December 31, 2015
Bonds payable	$ 500,000	$ -
Loss: Discount on bonds payable	(22,847)	-
Total	$ 477,153	$ -

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 December 31, 2016, no convertible bonds were converted.

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 warrants' 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%.

(14) 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) The amounts recognised in the balance sheet are as follows:

	December 31,	
	2016	2015
Present value of defined benefit obligations	$ 257,124	$ 242,770
Fair value of plan assets	(112,481)	(112,180)
Net defined benefit liability	$ 144,643	$ 130,590

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	($ 242,770)	$ 112,180	($ 130,590)
Current service cost	(1,288)	-	(1,288)
Interest (expense) income	(3,587)	1,672	(1,915)
Settlement profit (loss)	2,243	(2,380)	(137)
	(245,402)	111,472	(133,930)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(616)	(616)
Change in demographic assumptions	(1,631)	-	(1,631)
Experience adjustments	(13,728)	-	(13,728)
	(15,359)	(616)	(15,975)
Pension fund contribution	-	5,262	5,262
Paid Pension	3,637	(3,637)	-
Balance at December 31	($ 257,124)	$ 112,481	($ 144,643)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	($ 221,827)	$ 106,710	($ 115,117)
Current service cost	(1,300)	-	(1,300)
Interest (expense) income	(4,401)	2,158	(2,243)
Past service cost	693	-	693
Settlement profit (loss)	2,596	(2,745)	(149)
	(224,239)	106,123	(118,116)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	700	700
Change in demographic assumptions	(3,566)	-	(3,566)
Change in financial assumptions	(16,547)	-	(16,547)
Experience adjustments	1,582	-	1,582
	(18,531)	700	(17,831)
Pension fund contribution	-	5,357	5,357
Balance at December 31	($ 242,770)	$ 112,180	($ 130,590)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2016 and 2015 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2016	2015
Discount rate	1.50%	1.50%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2016				
Effect on present value of defined benefit obligation	($ 8,570)	$ 8,969	$ 8,901	($ 8,549)
December 31, 2015				
Effect on present value of defined benefit obligation	($ 8,492)	$ 8,902	$ 8,835	($ 8,472)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2017 amounts to $6,088.

(g) As of December 31, 2016, the weighted average duration of the defined benefit retirement plan is 13 years.

B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2016 and 2015 were $34,895 and $33,316, respectively.

(15) Share-based payment

A. For the years ended December 31, 2016 and 2015, the Company’s share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (in thousands)	Contract period	Vesting conditions
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:

	Years ended December 31,			
	2016		2015	
	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	$ 19.60	-	$ -
Options granted	-	-	3,956	19.60
Options exercised	-	-	-	-
Options forfeited	-	-	-	-
Options outstanding at end of the period	3,956	18.20	3,956	19.60
Options exercisable at end of the period	-		-	
Options approved but not yet issued at end of the period	44		44	

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

		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

		December 31, 2015	
Issue date approved	Expiry date	No. of shares (in thousands)	Exercise price (in dollars)
2015.9.11	2021.9.10	3,956	$ 19.60

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
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 $ 8,537 and $ 2,419 for the years ended December 31, 2016 and 2015, respectively.

(16) Share capital

As of December 31, 2016, 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 $1,650,698 with a par value of $10 (in dollars) per share amounting to 165,069,756 shares. All proceeds from shares issued have been collected.

(17) 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:

	Year ended December 31, 2016							
					Expired			
	Share premium		Stock options		stock options		Total	
At January 1	$	616,003	$	2,419	$	351	$	618,773
Compensation cost of employee stock options		-		8,537		-		8,537
Due to recognition of equity component of convertible bonds issued		-		21,136		-		21,136
At December 31	$	616,003	$	32,092	$	351	$	648,446

	Year ended December 31, 2015							
					Expired			
	Share premium		Stock options		stock options		Total	
At January 1	$	616,003	$	-	$	351	$	616,354
Compensation cost of employee stock options		-		2,419		-		2,419
At December 31	$	616,003	$	2,419	$	351	$	618,773

(18) 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 2015 and 2014 earnings appropriation resolved by the stockholders on May 31, 2016 and May 28, 2015, respectively are as follows:

	2015		2014	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 45,873	$ -	$ 38,454	$ -
Cash dividends	330,140	2.0	330,140	2.0
Total	$ 376,013		$ 368,594	

The abovementioned distribution of earnings for the years of 2015 and 2014 were in agreement with those amounts proposed by the Board of Directors on February 22, 2016 and February 24, 2015, respectively.

Information about the earnings distribution of 2015 and 2014 as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(b) Details of 2016 earnings appropriation proposed by the Board of Directors on February 20, 2017 are as follows:

	2016	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 51,515	$ -
Cash dividends	363,153	2.2
Total	$ 414,668	

Information about the earnings appropriation for 2016 by the Company as approved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

The earnings appropriation of 2016 has not been resolved by the shareholders, thus, no dividend was accrued in these separate financial statements.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(22).

(19) Operating revenue

	Years ended December 31,	
	2016	2015
Construction revenue	$ 6,176,750	$ 7,148,457
Sales revenue	5,976,700	4,299,479
Other operating revenue	1,154,893	1,034,526
Total	$ 13,308,343	$ 12,482,462

(20) Other income

	Years ended December 31,	
	2016	2015
Government grants revenue	$ 34,181	$ 12,486
Dividend income	14,624	9,169
Rental revenue	6,395	5,117
Interest income	1,749	503
Other income	44,879	58,517
Total	$ 101,828	$ 64,137

(21) Other gains and losses

	Years ended December 31,	
	2016	2015
Net gain on financial assets at fair value through profit or loss	$ 1,328	$ 863
Gain (loss) on disposal of investments	7,894	(681)
Impairment loss on financial assets	-	(14,829)
Exchange (loss) gain	(14,066)	43,048
Other (losses) gains	(102)	269
Total	($ 4,946)	$ 28,670

(22) Employee benefit expense, depreciation and amortisation

A. Employee benefit expense, depreciation and amortisation

	Year ended December 31, 2016		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 301,786	$ 550,869	$ 852,655
Compensation cost of employee stock options	-	8,537	8,537
Labour and health insurance fees	26,423	32,532	58,955
Pension costs	16,134	22,101	38,235
Other employee benefit expense	13,365	12,918	26,283
Depreciation	43,952	29,506	73,458
Amortisation	7,017	6,631	13,648

	Year ended December 31, 2015		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 273,453	$ 480,597	$ 754,050
Compensation cost of employee stock options	-	2,419	2,419
Labour and health insurance fees	24,897	32,224	57,121
Pension costs	14,698	21,617	36,315
Other employee benefit expense	12,336	12,390	24,726
Depreciation	46,409	24,257	70,666
Amortisation	4,521	5,751	10,272

Note: As of December 31, 2016 and 2015, the Company had 740 and 732 employees, respectively.

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

(a) According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, shall not be higher than 3% for directors’ remuneration and shall be 1~15% for employees’ compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.

(b) For the years ended December 31, 2016 and 2015, employees’ compensation and directors’ and supervisors’ remuneration are accrued as follows:

	Years ended December 31,	
	2016	2015
Employees' compensation	$ 75,452	$ 40,000
Directors' and supervisors' remuneration	7,545	6,197
Total	$ 82,997	$ 46,197

For the year ended December 31, 2016, 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.

The employees' compensation and directors' and supervisors' remuneration of 2016 resolved by the Board of Directors on February 20, 2017 were $75,452 and $7,545, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2015 as resolved by the meeting of Board of Directors were in agreement with those amounts recognised in the 2015 financial statements.

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

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2016	2015
Current tax		
Current tax on profits for the period	$ 151,553	$ 124,467
Additional 10% tax on unappropriated earnings	6,791	2,364
Prior year income tax underestimation	4,640	1,344
Total current tax	162,984	128,175
Deferred tax		
Origination and reversal of temporary differences	(6,609)	(13,382)
Income tax expense	$ 156,375	$ 114,793

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

	Years ended December 31,	
	2016	2015
Currency translation differences of foreign operations	$ 16,855	$ 6,574
Remeasurement of defined benefit obligations	2,716	3,031
Total	$ 19,571	$ 9,605

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2016	2015
Tax calculated based on profit before tax and statutory tax rate	$ 114,159	$ 97,498
Effect of items disallowed by tax regulation	30,785	13,587
Additional 10% tax on unappropriated earnings	6,791	2,364
Prior year income tax underestimation	4,640	1,344
Income tax expenses	$ 156,375	$ 114,793

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	Year ended December 31, 2016			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Bad debt expense	$ 27,614	$ 4,741	$ -	$ 32,355
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	10,370	1,020	-	11,390
Defined benefit obligation	22,200	(327)	2,716	24,589
Impairment loss	6,017	(1,511)	-	4,506
Unused compensated absences payable	6,089	1,152	-	7,241
Unrealised loss on investments	35,747	(3,668)	-	32,079
Unrealised construction loss	-	1,763	-	1,763
Subtotal	108,037	3,170	2,716	113,923
－Deferred tax liabilities:				
Unrealised exchange gain	(2,460)	(549)	-	(3,009)
Unrealised construction gain	(3,988)	3,988	-	-
Exchange differences on translation	(24,196)	-	16,855	(7,341)
Subtotal	(30,644)	3,439	16,855	(10,350)
Total	$ 77,393	$ 6,609	$ 19,571	$ 103,573

	Year ended December 31, 2015			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Bad debt expense	$ 26,152	$ 1,462	$ -	$ 27,614
Valuation loss and loss for market value decline and obsolete and slow-moving inventories	11,220	(850)	-	10,370
Defined benefit obligation	19,570	(401)	3,031	22,200
Impairment loss	7,820	(1,803)	-	6,017
Unused compensated absences payable	7,778	(1,689)	-	6,089
Unrealised loss on investments	28,569	7,178	-	35,747
Subtotal	101,109	3,897	3,031	108,037
－Deferred tax liabilities:				
Unrealised exchange gain	(2,937)	477	-	(2,460)
Unrealised construction gain	(12,996)	9,008	-	(3,988)
Exchange differences on translation	(30,770)	-	6,574	(24,196)
Subtotal	(46,703)	9,485	6,574	(30,644)
Total	$ 54,406	$ 13,382	$ 9,605	$ 77,393

D. The Company's income tax returns through 2014 have been assessed and approved by the Tax Authority.

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

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

	December 31, 2016	December 31, 2015
Balance of the imputation tax credit account	$ 394,208	$ 352,687

The creditable tax rate is estimated to be 29.25% for 2016 and was 28.08% for 2015.

(24) Earnings per share

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit	$ 515,151	165,070	$ 3.12
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	2,525	6,384	
Employee stock option	-	627	
Employees’ compensation	-	3,275	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 517,676	175,356	$ 2.95

	Year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit	$ 458,724	165,070	$ 2.78
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees’ compensation	-	2,756	
Profit plus assumed conversion of all dilutive potential ordinary shares	$ 458,724	167,826	$ 2.73

(25) Operating leases

Details are provided in Note 9(1).

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

A. Sales of goods and services

	Years ended December 31,	
	2016	2015
Sales of goods		
Subsidiaries	$ 39,775	$ 28,683
Entities controlled by key management or entities with significant influence	-	72,275
Total	$ 39,775	$ 100,958

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

B. Acquisition of goods and services

	Years ended December 31,	
	2016	2015
Purchases of goods		
Subsidiaries	$ 32,744	$ 19,569
Entities controlled by key management or entities with significant influence	3,660	19,766
Total	$ 36,404	$ 39,335

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

	Years ended December 31,	
	2016	2015
Outsourcing construction costs		
Entities controlled by key management or entities with significant influence	$ 9,579	$ 24,446
Subsidiaries	6,326	71
Total	$ 15,905	$ 24,517

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

C. Receivables from related parties

Accounts receivable

	December 31, 2016	December 31, 2015
Subsidiaries	$ 11,084	$ 11,630
Entities controlled by key management or entities with significant influence	14	11,179
Subtotal	11,098	22,809
Less: allowance for bad debts	-	(335)
Total	$ 11,098	$ 22,474

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

D. Payables to related parties

Accounts payable

	December 31, 2016	December 31, 2015
Subsidiaries	$ 14,053	$ 4,331
Entities controlled by key management or entities with significant influence	10,253	15,810
Total	$ 24,306	$ 20,141

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. Construction contracts receivable

Advanced construction receipts

	December 31, 2016	December 31, 2015
Associates	$ 10,316	$ 9,396
Subsidiaries	4,232	6,724
Total	$ 14,548	$ 16,120

F. Property transactions

In 2016 and 2015, the Company has acquired computer equipment and related software from entities controlled by key management and the acquisition price was $20,532 and $15,816 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

G. Operating expense

The fee of information maintenance service in 2016 and 2015 allocated to subsidiaries by the Company amounted to $31,190 and $32,659, respectively.

H. Financing

Financing to related parties in 2016 is as follows (2015: None):

	Year ended December 31, 2016			
	Maximum balance	Ending balance	Interest rate	Interest income
Subsidiaries	$ 59,663	$ 59,663	4.616%~4.756%	$ 1,289

I. Endorsements and guarantees

(a) As of December 31, 2016 and 2015, the balances of endorsements and guarantees provided to subsidiaries by the Company are as follows:

	December 31,	
	2016	2015
Subsidiaries	$ 2,419,559	$ 1,995,077

(b) The revenue (recorded as 'other receivables' and 'other income') recognised from the abovementioned endorsements and guarantees are as follows:

	Years ended December 31,			
	2016		2015	
	Other receivables	Other income	Other receivables	Other income
Subsidiaries	$ 13,404	$ 29,046	$ 9,876	$ 21,400

(2) Key management compensation

	Years ended December 31,	
	2016	2015
Salaries and other short-term employee benefits	$ 57,020	$ 51,132

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2016	December 31, 2015	Purpose
Other financial assets (recorded as 'other current assets')	$ 13,264	$ 18,195	Bid bond and performance guarantee

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Commitments

(1) Operating lease agreements

The Company 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 Company recognised rental costs and expenses of $77,379 and $64,856 for these leases in profit or loss for the years ended December 31, 2016 and 2015, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2016	December 31, 2015
Not later than one year	$ 31,158	$ 26,791
Later than one year but not later than five years	62,787	49,651
Later than five years	35,802	27,880
Total	$ 129,747	$ 104,322

(2) As of December 31, 2016, the notes and letters of guarantee used for construction performance and custom security amounted to $1,183,537.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(18) E(b).

12. OTHERS

(1) Capital risk management

The Company's main objective when managing capital is to maintain an optimal credit ranking and capital ratio to support the operation and to maximize stockholders' equity.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Company's financial instruments not measured at fair value are including cash and cash equivalents, notes receivable, accounts receivable (including related parties), construction contracts receivable (including related parties), other receivables (including related parties), other financial assets (recorded as 'other current assets'), refundable deposits (recorded as 'other non-current assets'), short-term borrowings, notes payable (including related parties), accounts payable (including related parties), construction contracts payable (including related parties), other payables and guarantee deposits received (recorded as 'other non-current liabilities, others')) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

The Company's financial risk mainly arises from risks along with investments in financial instruments and foreign exchange risk of foreign currency transactions. The Company always adopt the restricted control standard for financial risk of all investments in financial instruments that market risk, credit risk, liquidity risk and cash flow risk of any financial investment and implementation has to be assessed and the ones with the least risks are chosen. For foreign exchange risk of foreign currency transactions based on strategic risk management objectives, the Company seeks the most optimised risk position and maintain appropriate liquidity position to reach the best hedging strategy.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, JPY and EUR. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.
- The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2016					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 47,071	32.25	$ 1,518,052	1%	$ 15,181	$ -
EUR：NTD	5,833	33.90	197,722	1%	1,977	-
JPY：NTD	559,814	0.2756	154,285	1%	1,543	-
CNY：NTD	22,028	4.6169	101,703	1%	1,017	-
Investments accounted for using equity method						
USD:NTD	36,993	32.25	1,193,014	1%	11,930	-
VND:NTD	35,013,461	0.00129	45,167	1%	452	-
MMK:NTD	4,188,974	0.0236	98,860	1%	989	-
IDR:NTD	15,933,133	0.00243	38,718	1%	387	-
Financial liabilities						
Monetary items						
USD：NTD	$ 4,062	32.25	$ 130,986	1%	$ 1,310	$ -
JPY：NTD	172,750	0.2756	47,610	1%	476	-

	December 31, 2015					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 29,918	32.825	$ 982,063	1%	$ 9,821	$ -
EUR：NTD	3,836	35.88	137,640	1%	1,376	-
JPY：NTD	213,944	0.2727	58,343	1%	583	-
Investments accounted for using equity method						
USD:NTD	42,701	32.825	1,401,670	1%	14,017	-
VND:NTD	40,298,867	0.0014	56,821	1%	568	-
MMK:NTD	2,115,812	0.0251	53,107	1%	531	-
Financial liabilities						
Monetary items						
USD：NTD	$ 3,990	32.825	$ 130,972	1%	$ 1,310	$ -
JPY：NTD	172,377	0.2727	47,007	1%	470	-

- 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 Company.

	Year ended December 31, 2016		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD：NTD	$ -	32.25	$ 22,940
JPY：NTD	-	0.2756	(3,422)
Financial liabilities			
Monetary items			
JPY：NTD	$ -	0.2756	$ 2,434

	Year ended December 31, 2015		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD：NTD	$ -	32.825	$ 13,559
EUR：NTD	-	35.88	2,575
Financial liabilities			
Monetary items			
USD：NTD	$ -	32.825	($ 692)

Price risk

- The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet at fair value through profit or loss.
- The Company's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, profit for the years ended December 31, 2016 and 2015 would have increased/decreased by $76 and $76. Other financial assets that have been deducted from reconciling items in stockholders' equity and recognized as profit/loss for the years ended in 2016 and 2015 are $885 and $0, stockholders' equity for the years ended December 31, 2016 and 2015 would have increased/decreased by $344 and $0, respectively, as a result of gains/losses on equity securities classified as available-for-sale. Available-for-sale financial assets recognized as equity adjustments in 2016 and 2015 are $29,408 and $0, respectively.

Interest rate risk

- The Company's interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Changes in market interest rate will change effective interest rates of bank borrowings and thus fluctuate future cash flow. As the Company's operating capital is sufficient and risk is mostly offset by cash and cash equivalents held at variable rates, the Company has assessed there is no significant interest rate shift in cash flow risk.
- The Company analyses its interest rate exposure. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

- Under the Company's simulation analysis result of interest risk, if the interest rate had increased/decreased by 1% with all other variables held constant, profit for the years ended December 31, 2016 and 2015 would have increased/decreased by $4,565 and $4,067, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. Described as follows:

- The Company 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 Company'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 Company are all in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies". The Company knows the credit status of endorsees well and does not require any security. If there is any non-performance, the performance amount is the possible credit risk.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is calculated from the invoice date as follows:

	December 31, 2016	December 31, 2015
Up to 90 days	$ 1,082,270	$ 653,110

iv. Movement analysis of notes and accounts receivable (including related parties) that were impaired is as follows:

a. As of December 31, 2016 and 2015, the Company's notes and accounts receivable that were impaired amounted to $1,810,778 and $1,502,706, and allowance for bad debts was accrued as $211,513 and $184,438, respectively.

b. Movements on the Company's provision for impairment of accounts receivable are as follows:

	Year ended December 31, 2016		
	Individual provision	Group provision	Total
At January 1	$ 97,131	$ 87,307	$ 184,438
Provision of impairment during the period	-	28,000	28,000
Write-offs during the period	(925)	-	(925)
Transfer during the period	35,725	(35,725)	-
At December 31	$ 131,931	$ 79,582	$ 211,513

	Year ended December 31, 2015		
	Individual provision	Group provision	Total
At January 1	$ 100,547	$ 71,256	$ 171,803
Provision of impairment during the period	-	36,226	36,226
Write-offs during the period	(23,591)	-	(23,591)
Transfer during the period	20,175	(20,175)	-
At December 31	$ 97,131	$ 87,307	$ 184,438

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

	December 31, 2016	December 31, 2015
Type A	$ -	$ -
Type B	74,810	6,702
Type C	34,351	57,958
	$ 109,161	$ 64,660

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 has stable sales and optimal financials.

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

(c) Liquidity risk

i. The Company invests in financial assets measured at fair value through profit or loss and available – for – sale financial assets in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Company's operating capital is sufficient to fulfill the Company's capital needs and it does not expect significant liquidity risk.

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

Non-derivative financial liabilities

December 31, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 550,000	$ -	$ -	$ -
Notes payable	858,352	-	-	-
Accounts payable (including related parties)	2,363,951	-	-	-
Other payables	338,486	-	-	-
Bonds payable	-	-	477,153	-
Financial guarantee contract	1,782,705	-	-	-

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 490,000	$ -	$ -	$ -
Notes payable	806,991	-	-	-
Accounts payable (including related parties)	1,705,288	-	-	-
Other payables	301,666	-	-	-
Financial guarantee contract	1,517,629	-	-	-

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

(3) Fair value information

A. Details of the fair value of the Company'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 Company'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 December 31, 2016 and 2015 is as follows:

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
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				
Equity securities	63,853	-	-	63,853
Total	$ 71,100	$ -	$ 50	$ 71,150

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 5,719	$ -	$ -	$ 5,719

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 year ended December 31, 2016:

	December 31, 2016
Beginning balance	$ -
Additions	250
Gain and losses recognised in profit or loss	(200)
Ending balance	$ 50

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 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

H. The Company 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:

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

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

Not applicable.

MARKETECH INTERNATIONAL CORP.

Loans to others

For the year ended December 31, 2016

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 year ended December 31, 2016 （Note 2）	Balance at December 31, 2016 （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	$ 59,663	$ 59,663	$ 59,663	4.616~4.756	2	$ -	Operations	$ -	None	-	$ 1,843,044	$ 1,843,044	Note 4
1	MIC-Tech Electronics Engineering Corp.	Shanghai Puritic Co., Ltd.	Other receivables	Y	53,381	48,477	34,627	4.785	2	-	Operations	-	None	-	227,480	227,480	Note 5
1	MIC-Tech Electronics Engineering Corp.	ChenGao M&E Engineering (Shanghai) Co., Ltd.	Other receivables	Y	2,034	1,847	1,847	4.785	2	-	Operations	-	None	-	227,480	341,220	Note 5
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	Other receivables	Y	18,967	-	-	-	2	-	Operations	-	None	-	227,480	341,220	Note 5
1	MIC-Tech Electronics Engineering Corp.	Integrated Manufacturing & Services Co., Ltd.	Other receivables	Y	9,234	9,234	6,925	4.785	2	-	Operations	-	None	-	227,480	341,220	Note 5
2	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	50,839	-	-	-	2	-	Operations	-	None	-	10,487	15,731	Note 5
2	MIC-Tech (WuXi) Co., Ltd.	Integrated Manufacturing & Services Co., Ltd.	Other receivables	Y	35,939	13,851	13,851	5.0025	2	-	Operations	-	None	-	10,487	15,731	Note 5 Note7
2	MIC-Tech (WuXi) Co., Ltd.	Shanghai Puritic Co., Ltd.	Other receivables	Y	24,745	6,925	-	5.0025	2	-	Operations	-	None	-	10,487	10,487	Note 5 Note7
3	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech China Trading (Shanghai) Co. Ltd.	Other receivables	Y	89,587	87,721	87,721	4.785	2	-	Operations	-	None	-	128,977	193,466	Note 5
3	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech (WuXi) Co., Ltd.	Other receivables	Y	16,597	-	-	-	2	-	Operations	-	None	-	128,977	193,466	Note 5
3	MIC-Tech (Shanghai) Corp. Ltd.	Integrated Manufacturing & Services Co., Ltd.	Other receivables	Y	9,234	9,234	6,925	4.785	2	-	Operations	-	None	-	128,977	193,466	Note 5
4	MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	50,175	48,375	48,375	4.616	2	-	Operations	-	None	-	441,116	661,675	Note 4

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

(1)The Company is ‘0’.

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

Note 2:Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2016.

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

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

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

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

(1)Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company is 60% of the net assets based on the latest financial statements of subsidiaries who receive the loans.

(2)For business transactions, limit on loans granted for a single party is the amount of the transactions.

(3)For short-term financing, limit on loans granted for a single party is 40% of the Company’s net assets.

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

Note 5:Limit on the loans provided by the Company’s mainland subsidiaries:

(1)Limit on the accumulated balance of loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company’s mainland subsidiaries is 60% of the net assets based on the latest financial statements of the lending companies. The following (2) and (3) do not apply to the limit.

(2)For business transactions, limit on loans granted for a single party is the amount of the transactions.

(3)For short-term borrowings, limit on loans granted for a single party is 40% of the lending company’s net assets.

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

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

Note7:Since the situation of subsidiary change, the loans had exceed limit. The subsidiary has been in accordance with ‘Loan and provision of endorsements and guarantees procedure’and make improvement plan and implement related procedures.

MARKETECH INTERNATIONAL CORP.
Provision of endorsements and guarantees to others
For the year ended December 31, 2016

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Party being endorsed/guaranteed Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2016 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2016 (Note 6)	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	2	$ 2,303,806	$ 67,068	$ 66,346	$ 56,177	-	1.44%	$ 4,607,611	Y	N	N	Note 3
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	2,303,806	786,142	716,339	426,566	-	15.55%	4,607,611	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	3	2,303,806	324,115	319,275	319,275	-	6.93%	4,607,611	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	3	2,303,806	1,344,302	1,255,589	944,392	-	27.25%	4,607,611	Y	N	Y	Note 3
0	Marketech International Corp.	Shanghai Puritic Co., Ltd.	3	2,303,806	69,953	62,010	2,293	-	1.35%	4,607,611	Y	N	Y	Note 3
0	Marketech International Corp.	Special Triumph Sdn. Bhd.	5	2,303,806	37,752	34,002	34,002	-	0.74%	4,607,611	N	N	N	Note 3
1	Marketech Co., Ltd. (Hoa Phong Marketech Co., Ltd.)	MIC-Tech Viet Nam Co., Ltd.	3	2,303,806	38,495	8,320	8,320	-	0.18%	4,607,611	N	N	N	Note 4
2	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	3	2,303,806	4,673	4,340	4,340	-	0.09%	4,607,611	N	N	Y	Note 4
2	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	2,303,806	67,082	60,920	60,920	-	1.32%	4,607,611	N	N	Y	Note 4

Note 1:The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1)The Company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

Note 2:Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:
(1)Having business relationship.
(2)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
(4)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
(5)Mutual guarantee of the trade as required by the construction contract.
(6)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3:Limit on endorsements and guarantees stated in"Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies":
(1)In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.
(2)Except for guarantees for contracting constructions, limit on the Company's accumulated endorsement/guarantee is the Company's net assets; limit on endorsement/guarantee to a single party is 50% of the Company's net assets. Limit on the total endorsement/guarantee of the Company and its subsidiaries as a whole is 1.5 times of the Company's net assets; limit on endorsement/guarantee to a single party is 75% of the Company's net assets.

Note 4:Limit on endorsements and guarantees of the Company's subsidiary - Marketech Co., Ltd. (Hoa Phong Marketech Co., Ltd.) and MIC-Tech Electronics Engineering Corp.:
(1)In accordance with mutual guarantee requirement in the same industry for contracting constructions, limit on the total amount is 5 times of the Company's net assets.
(2)Except for guarantees for contracting constructions, limit on the accumulated endorsements and guarantees is the endorser company's net assets; limit on endorsement/guarantee to a single party is 50% of the endorser company's net assets. Limit on the total endorsement/guarantee of the endorser company and its subsidiaries as a whole is 1.5 times of the endorser company's net assets; limit on endorsement/guarantee to a single party is 75% of the endorser company's net assets.
(3)Limit on endorsements and guarantees to a company of which the endorser company and the ultimate parent company directly or indirectly holds 90% or above of its share capital is 10 times of the endorser company's net assets and may not exceed 10% of the ultimate parent's net assets. However, the endorsements and guarantees of the ultimate parent to companies which it holds 100% of voting shares are not subject to the preceding and Note 4(2) limits. Nonetheless, limit is subject to paragraph 4.2 of "Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies": (see above Note 3(2) details of the Company's endorsement/guarantee).

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

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

Note 7:Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

MARKETECH INTERNATIONAL CORP.

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

For the year ended December 31, 2016

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

					As of December 31, 2016					
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	10,000	$ 6,292	-	$ 6,292	None	
″	″	Solar Applied Materials Technology Corp.	″	″	50,000	-	-	-	″	
	″	Aerospace Industrial Development Corp.	″	″	25,000	955	-	955	″	
						$ 7,247		$ 7,247		
″	Ordinary shares	Calitech Co., Ltd.	None	Available-for-sale financial assets – current	2,776,199	$ 63,853	8.78%	$ 63,853	None	
″	Ordinary shares	Ares Green Technology Corp..	None	Financial assets measured at cost - non-current	2,711,261	$ 43,481	7.96%	$ -	None	
″	″	Taiwan Puritic Corp.	″	″	6,191,181	39,287	10.32%	-	″	
″	″	SOPOWER Technology Corp.	″	″	189,223	-	12.61%	-	″	
″	″	VEEV Interactive Pte. Ltd.	″	″	840,000	15,243	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	″	436,252	16,438	0.78%	-	″	
″	″	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	″	966,000	14,490	3.46%	-	″	
″	″	H&H Venture Capital Investment Corp.	None	″	239,400	2,394	4.17%	-	″	
″	″	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.	″	″	127,654	1,277	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%	-	″	
″	″	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	″	-	1,755	19.00%	-	″	Note 4
		Total				$ 256,628				

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 December 31, 2016.

MARKETECH INTERNATIONAL CORP.

Significant inter-company transactions during the reporting period

For the year ended December 31, 2016

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	1	Sales revenue	$ 39,765	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.	0.21%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	1	Non-operating revenue	6,680		0.04%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	17,298		0.09%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Construction revenue	15,541		0.08%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	9,338		0.07%
0	Marketech International Corp.	MIC-Tech Global Corp.	1	Prepayments	10,664		0.08%
0	Marketech International Corp.	Marketech International Sdn. Bhd.	1	Other receivables	59,760		0.42%
0	Marketech International Corp.	Shanghai Puritic Co., Ltd.	1	Accounts payable	6,326		0.04%
0	Marketech International Corp.	Shanghai Puritic Co., Ltd.	1	Construction cost	6,243		0.03%
1	MIC-Tech Global Corp.	Marketech International Corp.	2	Sales revenue	39,907		0.21%
1	MIC-Tech Global Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	Sales revenue	76,250		0.41%
1	MIC-Tech Global Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	Accounts receivable	16,043		0.11%
2	eZoom Information, Inc.	Marketech International Corp.	2	Services revenue	35,777		0.19%
3	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	Construction contracts receivable	10,019		0.07%
3	MIC-Tech Electronics Engineering Corp.	Shanghai Puritic Co., Ltd.	3	Other receivables	34,627		0.25%
3	MIC-Tech Electronics Engineering Corp.	Integrated Manufacturing & Services Co., Ltd.	3	Other receivables	6,925		0.05%
4	Shanghai Puritic Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	29,280		0.16%
5	MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	3	Other receivables	48,480		0.34%
6	MIC-Tech (WuXi) Co., Ltd.	Integrated Manufacturing & Services Co., Ltd.	3	Other receivables	13,851		0.10%
6	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech (Shanghai) Corp. Ltd.	3	Sales revenue	6,363		0.03%
6	MIC-Tech (WuXi) Co., Ltd.	Integrated Manufacturing & Services Co., Ltd.	3	Sales revenue	5,061		0.03%
7	MIC-Tech (Shanghai) Corp. Ltd.	Marketech International Corp.	2	Accounts payable	12,807		0.09%
7	MIC-Tech (Shanghai) Corp. Ltd.	Integrated Manufacturing & Services Co., Ltd.	3	Other receivables	6,925		0.05%
7	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech China Trading (Shanghai) Co. Ltd.	3	Other receivables	88,527		0.63%

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.

Information on investees

For the year ended December 31, 2016

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 December 31, 2016			Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 1)	Footnote
				Balance as at December 31, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	$ 160,177	$ 160,177	6,725,040	100	($ 24,071)	($ 45,132)	($ 45,132)	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,209,166	1,209,166	37,169,104	100	1,104,837	(121,514)	(120,747)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	15,909	131,560	100	10,910	4,918	2,646	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	42,383	16	16	The Company's subsidiary
Marketech International Corp.	Tiger United Finance Ltd.	Virgin Islands	Investment holding and reinvestment	46,475	46,475	1,410,367	100	40,897	(115)	(115)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	10,129	9,139	421,087	100	4,897	(2,308)	(2,308)	The Company's subsidiary
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Myanmar	Design, manufacturing, installation of automatic production equipment and its parts	112,973	62,000	360,000	100	98,860	1,498	1,498	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	35,389	(3,076)	(3,076)	The Company's subsidiary
Marketech International Corp.	Marketech Co., Ltd. (Hoa Phong Marketech Co., Ltd.)	Vietnam	Specialized contracting and related repair services	29,922	29,922	-	100	9,778	(3,954)	(3,954)	The Company's subsidiary (Note 4)
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	57,737	57,737	6,200,000	100	23,525	(1,745)	(1,745)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn. Bhd.	Malaysia	Specialized contracting and related repair services	43,217	21,259	6,258,750	51.12	26,198	(30,348)	(15,630)	The investor's subsidiary (Note 3)
Marketech International Corp.	Glory Technology Service Inc..	Taiwan	Sale and installation of information and communication equipment	21,408	20,000	2,800,000	35	33,463	11,124	4,267	The Company's investee accounted for using equity method

Investor	Investee	Location	Main business activities	Initial investment amount (Note2) Balance as at December 31, 2016	Balance as at December 31, 2015	Shares held as at December 31, 2016 Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2016	Investment income (loss) recognised by the Company for the year ended December 31, 2016 (Note 1)	Footnote
Marketech International Corp.	Solmark Advanced Materials Technology, Inc.	Taiwan	Manufacturing and sale of precursors for advanced process (process of atomic layer deposition)	$ -	$ 42,000	-	-	$ -	($ 167)	($ 50)	The Company's investee accounted for using equity method (Note 5)
Marketech International Corp.	MIC Techno Co., Ltd.	Taiwan	Sale of panels and its materials	2,000	2,000	200,000	20	1,864	(88)	(18)	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	-	1,199,000	99.92	38,718	1,138	1,138	The investor's subsidiary
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,203,669	1,203,669	37,066,604	100	1,102,791	(121,456)	-	The investor's subsidiary
Marketech Integrated Pte Ltd.	Marketech International Sdn. Bhd.	Malaysia	Specialized contracting and related repair services	41,320	41,320	5,984,000	48.88	26,191	(30,348)	-	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	4,169	(2,278)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Russky H.K. Limited	Hong Kong	Investment holding and reinvestment	28,521	28,521	633,000	100	(20,776)	1,121	-	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	6,114	(2,084)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	TPP-MIC Co., Limited	Hong Kong	Investment holding and reinvestment	-	6,025	-	-	-	(113)	-	The investor's subsidiary (Note 6)
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Hong Kong	Investment holding and reinvestment	58,887	58,887	3,000,000	100	(474)	(14,747)	-	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	2,351	(5,687)	-	The investor's investee accounted for using equity method
Russky H.K. Limited	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	32	-	1,000	0.08	32	1,138	-	The investor's investee accounted for using equity method

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

Note 2: Except for subsidiaries in Malaysia are translated at the current rate as of December 31, 2016, the initial investment amounts of other investees are translated at the current rate as of the investment date.

Note 3: The Company’s subsidiary, Marketech Integrated Pte. Ltd. (MIPL) originally held 100% of share ownership of Marketech International Sdn. Bhd. (MISB). The Company acquired shares for MISB’s capital increase in October 2015 and thus, the Company holds 34% of shares in MISB, while MIPL’s share ownership of MISB is reduced to 66% as of December 31, 2015. Furthermore, the Company acquired shares for MISB’s capital increase in February 2016 and thus, the Company holds 51.12% of shares in MISB, while MIPL’s share ownership of MISB is reduced to 48.88% as of December 31, 2016.

Note 4: In January 2016, the Company’s subsidiary, Hoa Phong Marketech Co., Ltd. has been renamed as Marketech Co., Ltd.

Note 5: Solmark Advanced Materials Technology, Inc., the Company’s investee accounted for using equity method, has completed liquidation procedures in December 2016.

Note 6: TPP-MIC Co., Limited, Inc., the investor's subsidiary, has completed liquidation procedures in December 2016.

MARKETECH INTERNATIONAL CORP.

Information on investments in Mainland China

For the year ended December 31, 2016

Table 6

1. Basic information

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016 (Note 3)	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016 （Note 2）	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	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	$ 822,375	Note 1(2)	$ 661,125	$ -	$ -	$ 661,125	($ 115,300)	100	($ 114,694)	$ 22,027	$ -	Note 2 (2)B
MIC-Tech (Shanghai) Corp. Ltd.	Wholesale, commission agency, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area	265,772	Note 1(2)	16,125	-	-	16,125	1,619	100	1,619	322,444	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	9,675	Note 1(2)	9,656	-	-	9,656	(467)	100	(467)	(835)	-	Note 2 (2)B
Shanghai Puritic Co., Ltd.	Production of scrubber bins for semiconductor manufacturers, design, installation, debugging and technology services of tunnel system, equipment repair for semiconductor manufacturers, consulting service for electrical and medical equipment; 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	12,900	Note 1(2)	19,447	-	-	19,447	1,624	80	1,299	(21,391)	-	Note 2 (2)B

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016 (Note 3)	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016 （Note 2）	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	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	$ 568,213	Note 1(2)	$ 274,770	$ -	$ -	$ 274,770	$ 1,985	100	$ 1,985	$ 568,700	$ -	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.	9,836	Note 1(2)	1,580	-	-	1,580	(7,948)	49	(3,894)	2,606	-	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	6,450	Note 1(2)	6,450	-	-	6,450	(125)	100	(125)	(2,538)	-	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	74,433	Note 1(2)	29,773	-	-	29,773	(2,036)	100	(2,036)	6,063	-	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	96,750	Note 1(2)	48,375	-	-	48,375	(14,747)	100	(14,747)	(1,279)	-	Note 2 (2)B

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2016 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016 (Note 3)	Net income of investee for the year ended December 31, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2016 （Note 2）	Book value of investments in Mainland China as of December 31, 2016	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2016	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	$ 48,375	Note 1(2)	$ 48,375	$ -	$ -	$ 48,375	($ 9,356)	100	($ 9,356)	$ 39,409	$ -	Note 2 (2)B
Macrotec Technology (Shanghai) Co., Ltd.	Wholesale, commission agency, import and export and other complementary service of electrical products, food, textile, commodities, cosmetics, valve switch, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area	30,860	Note 1(2)	9,699	-	-	9,699	(5,663)	31.43	(1,780)	2,331	-	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 year ended December 31, 2016' 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 December 31, 2016 (Note 1) (Note 2)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Marketech International Corp.	$ 1,137,934	$ 1,861,210	$ 2,764,567

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

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2016 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US$186 thousand.