

**MARKETECH INTERNATIONAL CORP.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
REVIEW REPORT OF INDEPENDENT  
ACCOUNTANTS  
SEPTEMBER 30, 2016 AND 2015**

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



資誠

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have reviewed the accompanying consolidated balance sheets of Marketch International Corp. and subsidiaries as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the statements of changes in equity and of cash flows for the nine months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our reviews.

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

As explained in Notes 4(3) and 6(10), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using the equity method, which statements reflect total assets of \$509,985 thousand and \$388,916 thousand, constituting 3.85% and 3.04% of the consolidated total assets, and total liabilities of \$163,871 thousand and \$139,762 thousand, constituting 1.87% and 1.66% of the consolidated total liabilities as of September 30, 2016 and 2015, respectively, and total comprehensive income (loss) of (\$29,306) thousand, (\$15,660) thousand, (\$81,502) thousand and (\$73,177) thousand, constituting (22.86%), (6.56%), (25.84%) and (25.12%) of the consolidated total comprehensive income for the three months and nine months then ended, respectively, and the investments accounted for using equity method amounted to \$38,702 thousand and \$78,853 thousand representing 0.29% and 0.62% of the consolidated total assets as of September 30, 2016 and 2015, and total comprehensive income (loss) (including share of profit (loss) of associates and joint ventures

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accounted for using the equity method and share of other comprehensive income of associates and joint ventures accounted for using the equity method) of \$1,475 thousand, (\$158) thousand, \$3,208 thousand and \$496 thousand, constituting 1.15%, (0.07%), 1.02% and 0.17% of the consolidated total comprehensive income for the three months and nine months then ended. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of September 30, 2016 and 2015.

Based on our reviews, except for the effect of such adjustments if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries, investments accounted for using the equity method and the information disclosed in Note 13 been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

*PricewaterhouseCoopers, Taiwan*

November 3, 2016

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

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

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

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

Assets	Notes	September 30, 2016		December 31, 2015		September 30, 2015		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1)	\$ 1,922,781	14	\$ 1,404,874	12	\$ 1,724,969	14
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		7,279	-	5,719	-	5,453	-
1125	Available-for-sale financial	6(3)(9)						
	assets - current		91,144	1	-	-	-	-
1150	Notes receivable, net	6(4)	95,581	1	106,392	1	169,331	1
1170	Accounts receivable, net	6(5)(8)	3,377,464	26	3,072,747	26	2,980,536	23
1180	Accounts receivable - related	7						
	parties, net		21	-	23,341	-	63,055	1
1190	Construction contracts	6(8) and 7						
	receivable		2,483,277	19	2,485,012	21	2,822,487	22
1200	Other receivables		18,561	-	20,910	-	18,156	-
130X	Inventories, net	6(6)	2,576,319	19	2,248,268	19	2,164,170	17
1410	Prepayments	6(7)	507,916	4	398,626	3	599,960	5
1470	Other current assets	8	251,910	2	165,065	1	184,766	1
11XX	<b>Total current assets</b>		<u>11,332,253</u>	<u>86</u>	<u>9,930,954</u>	<u>83</u>	<u>10,732,883</u>	<u>84</u>
<b>Non-current assets</b>								
1543	Financial assets at cost - non-	6(3)(9)						
	current		257,977	2	287,714	2	305,095	2
1550	Investments accounted for	6(10)						
	using equity method		38,702	-	76,004	1	78,853	1
1600	Property, plant and equipment,	6(11), 7						
	net	and 8	1,386,650	10	1,419,554	12	1,443,784	11
1780	Intangible assets	7	17,556	-	23,045	-	23,666	-
1840	Deferred tax assets		112,589	1	108,037	1	103,885	1
1900	Other non-current assets		86,232	1	80,918	1	88,467	1
15XX	<b>Total non-current assets</b>		<u>1,899,706</u>	<u>14</u>	<u>1,995,272</u>	<u>17</u>	<u>2,043,750</u>	<u>16</u>
1XXX	<b>Total Assets</b>		<u>\$ 13,231,959</u>	<u>100</u>	<u>\$ 11,926,226</u>	<u>100</u>	<u>\$ 12,776,633</u>	<u>100</u>

(Continued)

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

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2016		December 31, 2015		September 30, 2015		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(12) and 8	\$ 2,033,715	15	\$ 1,370,748	11	\$ 2,398,789	19
2150	Notes payable		753,896	6	806,991	7	812,864	7
2170	Accounts payable		3,088,973	23	2,740,764	23	2,729,043	21
2180	Accounts payable - related parties	7	11,262	-	20,610	-	18,688	-
2190	Construction contracts payable	6(8)	1,227,368	9	1,236,940	10	1,283,196	10
2200	Other payables	6(13)	382,254	3	421,292	4	384,247	3
2230	Current tax liabilities		56,903	1	81,271	1	38,603	-
2310	Advance receipts	6(14)	570,307	4	598,114	5	594,915	5
2399	Other current liabilities, others		19,858	-	23,447	-	23,196	-
21XX	<b>Total current liabilities</b>		<u>8,144,536</u>	<u>61</u>	<u>7,300,177</u>	<u>61</u>	<u>8,283,541</u>	<u>65</u>
<b>Non-current liabilities</b>								
2530	Bonds payable	6(15)	475,017	4	-	-	-	-
2570	Deferred tax liabilities		10,408	-	30,644	1	38,230	-
2600	Other non-current liabilities		129,120	1	130,607	1	113,752	1
25XX	<b>Total non-current liabilities</b>		<u>614,545</u>	<u>5</u>	<u>161,251</u>	<u>2</u>	<u>151,982</u>	<u>1</u>
2XXX	<b>Total Liabilities</b>		<u>8,759,081</u>	<u>66</u>	<u>7,461,428</u>	<u>63</u>	<u>8,435,523</u>	<u>66</u>
<b>Equity</b>								
<b>Share capital</b>								
3110	Ordinary shares	6(19)	1,650,698	13	1,650,698	14	1,650,698	13
<b>Capital surplus</b>								
3200	Capital surplus	6(20)	645,838	5	618,773	5	616,786	5
<b>Retained earnings</b>								
3310	Legal reserve	6(21)	575,258	4	529,385	4	529,385	4
3320	Special reserve		92,239	1	92,239	1	92,239	1
3350	Unappropriated retained earnings	6(25)	1,500,480	11	1,542,603	13	1,389,996	11
<b>Other equity interest</b>								
3400	Other equity interest		14,272	-	25,898	-	59,865	-
31XX	<b>Total equity attributable to owners of parent</b>		<u>4,478,785</u>	<u>34</u>	<u>4,459,596</u>	<u>37</u>	<u>4,338,969</u>	<u>34</u>
36XX	<b>Non-controlling interests</b>		(5,907)	-	5,202	-	2,141	-
3XXX	<b>Total Equity</b>		<u>4,472,878</u>	<u>34</u>	<u>4,464,798</u>	<u>37</u>	<u>4,341,110</u>	<u>34</u>
<b>Significant contingent liabilities and unrecognised contract commitments</b>								
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 13,231,959</u>	<u>100</u>	<u>\$ 11,926,226</u>	<u>100</u>	<u>\$ 12,776,633</u>	<u>100</u>

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

See review report of independent accountants dated November 3, 2016.

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

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2016		2015		2016		2015	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 <b>Operating Revenue</b>	6(22) and 7	\$ 4,532,173	100	\$ 4,755,644	100	\$ 13,413,265	100	\$ 13,057,726	100
5000 <b>Operating Costs</b>	6(6)(24) and 7	( 4,006,466)	( 88)	( 4,208,682)	( 88)	( 11,842,808)	( 88)	( 11,678,157)	( 89)
5900 <b>Gross Profit</b>		<u>525,707</u>	<u>12</u>	<u>546,962</u>	<u>12</u>	<u>1,570,457</u>	<u>12</u>	<u>1,379,569</u>	<u>11</u>
<b>Operating Expenses</b>	6(24)								
6100 Sales and marketing expenses		( 133,425)	( 3)	( 128,297)	( 3)	( 374,648)	( 3)	( 370,177)	( 3)
6200 General and administrative expenses		( 191,537)	( 4)	( 201,773)	( 4)	( 575,507)	( 4)	( 563,857)	( 4)
6300 Research and development expenses		( 57,097)	( 1)	( 40,378)	( 1)	( 148,480)	( 1)	( 113,963)	( 1)
6000 <b>Total operating expenses</b>		<u>( 382,059)</u>	<u>( 8)</u>	<u>( 370,448)</u>	<u>( 8)</u>	<u>( 1,098,635)</u>	<u>( 8)</u>	<u>( 1,047,997)</u>	<u>( 8)</u>
6900 <b>Operating Profit</b>		<u>143,648</u>	<u>4</u>	<u>176,514</u>	<u>4</u>	<u>471,822</u>	<u>4</u>	<u>331,572</u>	<u>3</u>
<b>Non-operating Income and Expenses</b>									
7010 Other income		44,444	-	24,106	-	58,634	-	37,789	-
7020 Other gains and losses	6(2)(23)	( 28,170)	-	60,107	1	( 47,505)	-	30,490	-
7050 Finance costs		( 15,487)	-	( 11,560)	-	( 40,423)	-	( 27,008)	-
7060 Share of gain (loss) of associates and joint ventures accounted for using equity method		1,587	-	( 578)	-	3,421	-	361	-
7000 <b>Total non-operating income and expenses</b>		<u>2,374</u>	<u>-</u>	<u>72,075</u>	<u>1</u>	<u>( 25,873)</u>	<u>-</u>	<u>41,632</u>	<u>-</u>
7900 <b>Profit before Income Tax</b>		<u>146,022</u>	<u>4</u>	<u>248,589</u>	<u>5</u>	<u>445,949</u>	<u>4</u>	<u>373,204</u>	<u>3</u>
7950 Income tax expense	6(25)	( 33,160)	( 1)	( 51,790)	( 1)	( 119,102)	( 1)	( 83,766)	( 1)
8200 <b>Net Income</b>		<u>\$ 112,862</u>	<u>3</u>	<u>\$ 196,799</u>	<u>4</u>	<u>\$ 326,847</u>	<u>3</u>	<u>\$ 289,438</u>	<u>2</u>
<b>Other Comprehensive Income</b>									
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>									
8361 Exchange differences on translation		( \$ 48,512)	( 1)	\$ 50,053	1	( \$ 80,664)	-	\$ 2,076	-
8362 Unrealized loss on valuation of available-for-sale financial assets	6(3)	55,695	1	-	-	55,695	-	-	-
8370 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		( 112)	-	420	-	( 213)	-	135	-
8399 Income tax relating to components of other comprehensive income	6(25)	8,270	-	( 8,573)	-	13,789	-	( 383)	-
8300 <b>Other comprehensive income (loss), net of tax</b>		<u>\$ 15,341</u>	<u>-</u>	<u>\$ 41,900</u>	<u>1</u>	<u>( \$ 11,393)</u>	<u>-</u>	<u>\$ 1,828</u>	<u>-</u>
8500 <b>Total Comprehensive Income</b>		<u>\$ 128,203</u>	<u>3</u>	<u>\$ 238,699</u>	<u>5</u>	<u>\$ 315,454</u>	<u>3</u>	<u>\$ 291,266</u>	<u>2</u>
<b>Profit (loss) attributable to:</b>									
8610 Owners of the parent		<u>\$ 115,504</u>	<u>3</u>	<u>\$ 197,208</u>	<u>4</u>	<u>\$ 334,417</u>	<u>3</u>	<u>\$ 291,317</u>	<u>2</u>
8620 Non-controlling interests		<u>( \$ 2,642)</u>	<u>-</u>	<u>( \$ 409)</u>	<u>-</u>	<u>( \$ 7,570)</u>	<u>-</u>	<u>( \$ 1,879)</u>	<u>-</u>
<b>Comprehensive income (loss) attributable to:</b>									
8710 Owners of the parent		<u>\$ 130,822</u>	<u>3</u>	<u>\$ 239,069</u>	<u>5</u>	<u>\$ 322,791</u>	<u>3</u>	<u>\$ 293,219</u>	<u>2</u>
8720 Non-controlling interests		<u>( \$ 2,619)</u>	<u>-</u>	<u>( \$ 370)</u>	<u>-</u>	<u>( \$ 7,337)</u>	<u>-</u>	<u>( \$ 1,953)</u>	<u>-</u>
<b>Basic earnings per share</b>	6(26)								
9750 <b>Basic earnings per share</b>		<u>\$</u>	<u>0.70</u>	<u>\$</u>	<u>1.19</u>	<u>\$</u>	<u>2.03</u>	<u>\$</u>	<u>1.76</u>
<b>Diluted earnings per share</b>	6(26)								
9850 <b>Diluted earnings per share</b>		<u>\$</u>	<u>0.66</u>	<u>\$</u>	<u>1.18</u>	<u>\$</u>	<u>1.96</u>	<u>\$</u>	<u>1.74</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated November 3, 2016.



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

	Notes	Nine months ended September 30	
		2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 445,949	\$ 373,204
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(23)	( 1,311 )	( 392 )
Provision for bad debt expense	12	38,470	42,351
Share of gain of associates and joint ventures accounted for using equity method		( 3,421 )	( 361 )
(Gain) loss on disposal of investments	6(23)	( 7,010 )	212
Depreciation	6(11)(24)	76,925	79,191
Amortisation	6(24)	14,911	16,145
Loss on disposal of property, plant and equipment		211	285
Impairment loss on financial assets	6(23)	-	4,829
Compensation cost of share-based payments	6(18)(20)	5,929	432
Interest income		( 2,821 )	( 5,096 )
Interest expense		40,423	27,008
Dividend income		( 14,145 )	( 8,380 )
Gain recognised in bargain purchase	6(28)	-	( 2,419 )
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss – current		-	6,635
Notes receivable, net		10,811	( 131,656 )
Accounts receivable, net		( 423,963 )	79,876
Accounts receivable – related parties, net		23,782	( 55,229 )
Construction contracts receivable		1,735	( 467,873 )
Other receivables		( 11,747 )	15,656
Inventories		( 363,826 )	( 300,299 )
Prepayments		( 109,289 )	( 23,259 )
Other current assets		( 42,779 )	( 45,614 )
Changes in operating liabilities			
Notes payable		( 53,095 )	5,216
Accounts payable		418,060	( 645,285 )
Accounts payable – related parties		( 9,348 )	( 5,148 )
Construction contracts payable		( 9,572 )	264,692
Other payables		( 20,698 )	( 20,619 )
Advance receipts		( 27,807 )	5,633
Other current liabilities, others		( 3,589 )	9,116
Other non-current liabilities		( 1,556 )	( 1,365 )
Cash outflow generated from operations		( 28,771 )	( 782,514 )
Interest received		1,581	5,170
Dividends received		14,145	12,060
Interest paid		( 36,216 )	( 24,386 )
Income tax paid		( 152,006 )	( 131,076 )
Net cash flows used in operating activities		( 201,267 )	( 920,746 )

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

	<u>Notes</u>	<u>Nine months ended September 30</u>	
		<u>2016</u>	<u>2015</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
(Increase) decrease in other financial assets – current		(\$ 160 )	\$ 69,235
Acquisition of financial assets measured at cost – non-current		( 18,131 )	( 23,226 )
Proceeds from disposal of financial assets measured at cost – non-current		10,388	74
Proceeds from capital reduction of financial assets measured at cost – non-current		8,926	5,489
Acquisition of investments accounted for using equity method		( 1,408 )	( 42,000 )
Net cash flow from acquisition of subsidiaries		-	( 5,177 )
Acquisition of property, plant and equipment	6(11)	( 61,498 )	( 26,570 )
Proceeds from disposal of property, plant and equipment		29	252
Acquisition of intangible assets		( 9,705 )	( 5,530 )
Proceeds from disposal of investments accounted for using equity method		295	-
Proceeds from capital reduction of investments accounted for using equity method		41,000	-
Increase in refundable deposits		( 50,718 )	( 15,561 )
Decrease (increase) in other non-current assets		<u>832</u>	<u>( 41,172 )</u>
Net cash flows used in investing activities		<u>( 80,150 )</u>	<u>( 84,186 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase in short-term borrowings		741,481	1,424,850
Repayment of long-term borrowings		-	( 4,409 )
Increase in guarantee deposits received		68	-
Proceeds from issuance of bonds	6(15)	495,000	-
Cash dividends paid	6(21)	( 330,140 )	( 330,140 )
Changes in non-controlling interests		<u>( 3,772 )</u>	<u>-</u>
Net cash flows from financing activities		<u>902,637</u>	<u>1,090,301</u>
Effect of exchange rate changes on cash and cash equivalents		<u>( 103,313 )</u>	<u>11,429</u>
Net increase in cash and cash equivalents		517,907	96,798
Cash and cash equivalents at beginning of period	6(1)	<u>1,404,874</u>	<u>1,628,171</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 1,922,781</u>	<u>\$ 1,724,969</u>

The accompanying notes are an integral part of these consolidated financial statements.  
See review report of independent accountants dated November 3, 2016.

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

SEPTEMBER 30, 2016 AND 2015

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

(REVIEWED, NOT AUDITED)

1. ORGANIZATION AND OPERATIONS

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

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

The consolidated financial statements were reported to the Board of Directors on November 3, 2016.

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 included in the IFRSs endorsed by the FSC effective from 2017:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 Group's financial condition and operating result based on the Group's assessment.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board(Note)</u>
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'	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

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.

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating result based on the Group's assessment. The quantitative

impact will be disclosed when the assessment is complete.

#### A. IFRS 9, 'Financial instruments'

- (a) 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 ('ECL') or lifetime ECL (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).

#### 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.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation, basis of consolidation and additional portions of certain accounting policies, the significant accounting policies are in agreement with the policies summarized in Note 4 of the consolidated financial statements as of and for the year ended December 31, 2015. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### (1) Statement of compliance

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.
- B. These consolidated financial statements should be read along with the consolidated financial statements as of and for the year ended December 31, 2015.

##### (2) Basis of preparation

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

##### (3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2015.

B. The subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2016	December 31, 2015	September 30, 2015	
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Contracting for semiconductor automatic supply system	100	100	100	Note 1
Marketech International Corp.	Headquarter International Ltd.	Investment holding and reinvestment	100	100	100	Note 1
Marketech International Corp.	Tiger United Finance Ltd.	Investment holding and reinvestment	100	100	100	Note 1
Marketech International Corp.	Market Go Profits Ltd.	Investment holding and reinvestment	100	100	100	-
Marketech International Corp.	MIC-Tech Global Corp.	International trade	100	100	100	Note 1
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Trading, installation and repair of various machinery equipment and its peripherals	100	100	100	Note 1
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Contracting for electrical installing construction	100	100	100	Note 1
Marketech International Corp.	eZoom Information, Inc.	Research, trading and consulting of information system software and hardware appliance	100	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2016	December 31, 2015	September 30, 2015	
Marketech International Corp.	Marketech Co., Ltd. (Hoa Phong Marketech Co., Ltd.)	Specialized contracting and related repair services	100	100	100	Note 1 Note 3
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Design, manufacturing, installation of automatic production equipment and its parts	100	100	100	Note 1
Marketech International Corp.	Marketech International Sdn. Bhd.	Specialized contracting and related repair services	51.12	34	-	Note 1 Note 7
Marketech International Corp.	PT Marketech International Indonesia	Trading business of machine equipment and parts	99.92	-	-	Note 1
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Investment holding and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Investment holding and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	TPP-MIC Co., Limited	Investment holding and reinvestment	60	60	60	-
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Investment holding and reinvestment	100	100	100	Note 4
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co., Limited	Investment holdings and reinvestment	100	100	100	Note 6

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2016	December 31, 2015	September 30, 2015	
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (WuXi) Co., Ltd.	Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembling of wrapping device and cooling equipment; assembling of barbecue grill; wholesale, commission agency and import and export of the aforementioned products their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	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	100	100	100	-



Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 30, 2016	December 31, 2015	September 30, 2015	
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	General contracting for electrical installing construction; specialized contracting for electrical installing construction; specialized contracting for electronic engineering; specialized contracting for petroleum and chemical equipment installation; specialized contracting for channel and guarantee for post construction; consulting service for related construction technology	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	SKMIC (WUXI) Corp.	Design, installation and repairment of semi-conductor and transistor facilities, electronic components facilities and pollution prevention equipment, as well as wholesale, commission agent and export/import business of products listed above, industrial cleaning, repairment and maintenance	49	49	49	Note 2

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 31, 2016	December 31, 2015	September 30, 2015	
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products, semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity; international and entrepot trade, trading and trading agency among enterprises in customs bonded area; consulting service for trading	100	100	100	-
Rusky H.K. Limited	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, export, import and related services of electronic products, machinery equipment, chemical products, communication equipment, metal products, plastic products	80	80	80	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 31, 2016	December 31, 2015	September 30, 2015	
Rusky H.K. Limited	ChenGao M&E Engineering (Shanghai) Co., Ltd.	Design of microelectronic products and display devices; consulting service for related technology and management	100	100	100	-
Rusky H.K. Limited	PT Marketech International Indonesia	Trading business of machine equipment and parts	0.08	-	-	Note 1
Frontken MIC Co. Limited	Frontken-MIC (Wuxi) Co., Ltd.	Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductor	100	100	100	Note 6
TPP-MIC Co., Limited	TPP-MIC (WuXi) Co., Ltd.	Technology and repair service of semiconductor equipment; self-operation and agency of import and export of various goods and technology	-	-	100	Note 5

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			September 31, 2016	December 31, 2015	September 30, 2015	
MICT International Limited	Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device	100	100	100	Note 4
Marketech Integrated Pte. Ltd.	Marketech International Sdn. Bhd.	Specialized contracting and related repair services	48.88	66	100	Note 7
Marketech Engineering Pte. Ltd.	Marketech Integrated Construction Co., Ltd.	Specialized contracting for electrical installing construction	95	95	95	Note 1

Note 1: The financial statements of the entity as of and for the nine months ended September 30, 2016 and 2015 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

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

Note 3: In January 2016, the Company's subsidiary, Hoa Phong Marketech Co., Ltd. has been renamed as Marketech Co., Ltd.

Note 4: The Group originally held 50% of share ownership of MICT International Limited (MICT) and obtained the remaining 50% of share ownership on March 3, 2015. As the Group holds all voting rights in MICT International Limited and its subsidiary (Integrated Manufacturing & Services Co., Ltd.), it and its subsidiary (Integrated Manufacturing & Services Co., Ltd.) have been included in the consolidated financial reports since March 2015.

Note 5: TPP-MIC (WuXi) Co., Ltd. has completed the liquidation process in November 2015.

Note 6: The Group originally held 40% of share ownership of Frontken MIC Co. Limited (Frontken MIC) and obtained the remaining 60% of share ownership on September 30, 2015. As the Group holds all voting rights in Frontken MIC Co. Limited and its subsidiary (Frontken-MIC (Wuxi) Co., Ltd.), it and its subsidiary (Frontken-MIC (Wuxi) Co., Ltd.)

have been included in the consolidated financial statements since September 2015.

Note 7: 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 held 34% of shares in MISB, while MIPL's share ownership of MISB was reduced to 66% as of December 31, 2015. Furthermore, the Company acquired shares for MISB's capital increase in February 2016 and thus, the shares in MISB which the Company holds is up to 51.12%, while MIPL's share ownership of MISB is reduced to 48.88% as of September 30, 2016.

- C. Subsidiaries not included in the consolidated financial statements: None.
- D. Adjustments for subsidiaries with different balance sheet dates: None.
- E. Significant restrictions: None.
- F. Subsidiaries that have non-controlling interests that are material to the Group: As of September 30, 2016, December 31, 2015 and September 30, 2015, the non-controlling interests amounted to (\$5,907), \$5,202 and \$2,141, respectively. Subsidiaries that have non-controlling interests are not material to the Group.

(4) Financial liabilities and equity instruments

Convertible corporate bonds 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—stock 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/ preference share liabilities 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—stock 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 – stock options.

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

There is no significant change during the period. Please refer to Note 5 of the consolidated financial statements as of and for the year ended December 31, 2015.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Cash on hand	\$ 13,093	\$ 18,237	\$ 21,448
Checking accounts and demand deposits	1,895,759	1,370,532	1,687,357
Time deposits	<u>13,929</u>	<u>16,105</u>	<u>16,164</u>
Total	<u>\$ 1,922,781</u>	<u>\$ 1,404,874</u>	<u>\$ 1,724,969</u>

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

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

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Financial assets held for trading			
Listed stocks	\$ 7,592	\$ 7,592	\$ 7,778
Call provision of convertible corporate bonds (Note 6(15))	<u>250</u>	<u>-</u>	<u>-</u>
	7,842	7,592	7,778
Valuation adjustment	( <u>563</u> )	( <u>1,873</u> )	( <u>2,325</u> )
Total	<u>\$ 7,279</u>	<u>\$ 5,719</u>	<u>\$ 5,453</u>

- A. The Group recognised net gain (loss) of \$2,076, (\$1,495), \$1,361 and \$392 on financial assets held for trading for the three months and nine months ended September 30, 2016 and 2015, respectively.

- B. The Group recognised net gain (loss) of (\$50), \$0, (\$50) and \$0 on the call provision of convertible corporate bonds issued by the Company for the three months and nine months ended September 30, 2016 and 2015, respectively.

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

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Listed stocks			
Calitech Co., Ltd.	\$ 35,449	\$ -	\$ -
Valuation adjustment	<u>55,695</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 91,144</u>	<u>\$ -</u>	<u>\$ -</u>

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

B. The Group 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 \$55,695, \$0, \$55,695 and \$0 for the three months and nine months ended September 30, 2016 and 2015, respectively.

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

(4) Notes receivable

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Notes receivable	\$ 96,806	\$ 107,617	\$ 169,331
Less: allowance for bad debts	<u>(1,225)</u>	<u>(1,225)</u>	<u>-</u>
Total	<u>\$ 95,581</u>	<u>\$ 106,392</u>	<u>\$ 169,331</u>

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

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

(5) Accounts receivable

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Accounts receivable	\$ 3,760,756	\$ 3,428,979	\$ 3,303,171
Less: allowance for bad debts	<u>(383,292)</u>	<u>(356,232)</u>	<u>(322,635)</u>
Total	<u>\$ 3,377,464</u>	<u>\$ 3,072,747</u>	<u>\$ 2,980,536</u>

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

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

(6) Inventories

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

	December 31, 2015		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 503,641	(\$ 22,255)	\$ 481,386
Merchandise inventory	727,151	( 44,139)	683,012
Raw materials	352,303	( 12,742)	339,561
Supplies	23,550	( 1,465)	22,085
Work in process	520,862	( 9,490)	511,372
Semi-finished goods and finished goods	<u>225,253</u>	<u>( 14,401)</u>	<u>210,852</u>
Total	<u>\$ 2,352,760</u>	<u>(\$ 104,492)</u>	<u>\$ 2,248,268</u>



	September 30, 2015		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 486,537	(\$ 21,732)	\$ 464,805
Merchandise inventory	690,172	( 46,386)	643,786
Raw materials	400,130	( 15,194)	384,936
Supplies	27,258	( 1,749)	25,509
Work in process	444,311	( 5,119)	439,192
Semi-finished goods and finished goods	216,970	( 11,028)	205,942
<b>Total</b>	<b>\$ 2,265,378</b>	<b>(\$ 101,208)</b>	<b>\$ 2,164,170</b>

Relevant expenses of inventories recognised as operating costs for the three months and nine months ended September 30, 2016 and 2015 are as follows:

	Three months ended September 30,	
	2016	2015
Construction cost	\$ 1,817,909	\$ 2,316,177
Cost of sales	1,989,068	1,692,908
Other operating cost	194,256	198,350
Loss on market value decline and obsolete and slow-moving inventories	5,233	1,247
<b>Total</b>	<b>\$ 4,006,466</b>	<b>\$ 4,208,682</b>
	Nine months ended September 30,	
	2016	2015
Construction cost	\$ 6,167,403	\$ 6,609,523
Cost of sales	5,051,053	4,511,841
Other operating cost	609,414	561,164
Loss on (gain on reversal of ) market value decline and obsolete and slow-moving inventories (Note)	14,938	( 4,371)
<b>Total</b>	<b>\$ 11,842,808</b>	<b>\$ 11,678,157</b>

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

The Group has no inventories pledged to others.

(7) Prepayments

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Prepayment for purchases	\$ 450,317	\$ 358,506	\$ 538,955
Others	<u>57,599</u>	<u>40,120</u>	<u>61,005</u>
Total	<u>\$ 507,916</u>	<u>\$ 398,626</u>	<u>\$ 599,960</u>

(8) Construction contracts receivable / payable

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Aggregate costs incurred plus recognised profits (less recognised losses)	\$ 22,605,241	\$ 19,621,107	\$ 18,159,625
Less: progress billings	( 21,349,332)	( 18,373,035)	( 16,620,334)
Net balance sheet position for construction in progress	<u>\$ 1,255,909</u>	<u>\$ 1,248,072</u>	<u>\$ 1,539,291</u>
Presented as:			
Receivables from customers on construction contracts	\$ 2,483,277	\$ 2,485,012	\$ 2,822,487
Payables to customers on construction contracts	( 1,227,368)	( 1,236,940)	( 1,283,196)
	<u>\$ 1,255,909</u>	<u>\$ 1,248,072</u>	<u>\$ 1,539,291</u>
Retentions relating to construction contracts	<u>\$ 51,733</u>	<u>\$ 40,509</u>	<u>\$ 40,351</u>
Advances received before the related construction work is performed	<u>\$ 76,853</u>	<u>\$ 246,893</u>	<u>\$ 303,022</u>

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Non-current items:			
Taiwan Intelligent Fiber Optic Network Co., Ltd.	\$ 44,024	\$ 44,024	\$ 44,024
Ares Green Technology Corp.	43,481	43,481	43,481
Taiwan Puritic Corp.	39,287	39,287	39,287
Civil Tech Pte. Ltd.	19,500	19,500	19,500
VEEV Interactive Pte. Ltd.	15,243	15,243	25,243
ProbeLeader Co., Ltd.	14,490	14,490	14,490
IP Fund Six Co., Ltd.	10,000	10,000	10,000
Innorich Venture Capital Corp.	10,000	10,000	10,000
H&D Venture Capital Investment Corp.	8,320	12,800	20,000
Calitech Co., Ltd.	-	38,563	38,675
Others (companies individually not exceeding \$10,000)	<u>53,632</u>	<u>40,326</u>	<u>40,395</u>
Total	<u>\$ 257,977</u>	<u>\$ 287,714</u>	<u>\$ 305,095</u>

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

(10) Investments accounted for using equity method

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

	<u>September 30, 2016</u>		<u>December 31, 2015</u>	
	<u>Carrying amount</u>	<u>% interest held</u>	<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.	\$ 32,801	35%	\$ 28,316	40%
Leader Fortune Enterprise Co., Ltd.	3,868	31.43%	4,243	31.43%
MIC Techno Co., Ltd.	1,866	20%	1,882	20%
Solmark Advanced Materials Technology, Inc.	167	30%	41,274	30%
True Victor International Limited	-	-	289	38.57%
Total	<u>\$ 38,702</u>		<u>\$ 76,004</u>	

	<u>September 30, 2015</u>	
	<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.	\$ 29,437	40%
Leader Fortune Enterprise Co., Ltd.	6,129	31.43%
MIC Techno Co., Ltd.	1,755	20%
Frontken MIC Co. Limited	41,243	30%
True Victor International Limited	289	38.57%
Total	<u>\$ 78,853</u>	

B. Associates

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

	<u>Three months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Profit (loss) for the period from continuing operations	\$ 3,973	(\$ 371)
Other comprehensive (loss) income - net of tax	( 356)	1,257
Total comprehensive income	<u>\$ 3,617</u>	<u>\$ 886</u>
	<u>Nine months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Profit for the period from continuing operations	\$ 8,618	\$ 995
Other comprehensive (loss) income - net of tax	( 678)	424
Total comprehensive income	<u>\$ 7,940</u>	<u>\$ 1,419</u>

(11) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2015</u>						
Cost	\$ 205,438	\$ 1,780,749	\$ 612,043	\$ 169,741	\$ 34,703	\$ 2,802,674
Accumulated depreciation	-	( 693,862)	( 501,053)	( 131,365)	( 14,918)	( 1,341,198)
Book value	<u>\$ 205,438</u>	<u>\$ 1,086,887</u>	<u>\$ 110,990</u>	<u>\$ 38,376</u>	<u>\$ 19,785</u>	<u>\$ 1,461,476</u>
<u>Nine months ended September 30, 2015</u>						
Opening net book amount	\$ 205,438	\$ 1,086,887	\$ 110,990	\$ 38,376	\$ 19,785	\$ 1,461,476
Additions	-	2,819	5,186	15,173	3,402	26,580
Acquired from business combination	-	-	26,439	368	3,820	30,627
Transfers (Note)	-	9,556	4,110	-	( 13,273)	393
Disposals	-	-	( 164)	( 244)	( 129)	( 537)
Depreciation	-	( 46,271)	( 20,742)	( 11,088)	( 1,090)	( 79,191)
Net exchange differences	-	3,419	3,195	( 333)	( 1,845)	4,436
Closing net book amount	<u>\$ 205,438</u>	<u>\$ 1,056,410</u>	<u>\$ 129,014</u>	<u>\$ 42,252</u>	<u>\$ 10,670</u>	<u>\$ 1,443,784</u>
<u>At September 30, 2015</u>						
Cost	\$ 205,438	\$ 1,800,666	\$ 665,531	\$ 176,170	\$ 25,770	\$ 2,873,575
Accumulated depreciation	-	( 744,256)	( 536,517)	( 133,918)	( 15,100)	( 1,429,791)
Book value	<u>\$ 205,438</u>	<u>\$ 1,056,410</u>	<u>\$ 129,014</u>	<u>\$ 42,252</u>	<u>\$ 10,670</u>	<u>\$ 1,443,784</u>

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

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

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

(12) Short-term borrowings

	<u>September 30, 2016</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Unsecured borrowing	\$ 1,911,146	0.93344%~4.818%	None
Mortgage loan	122,569	2.89997%~5.0025%	Buildings
	<u>\$ 2,033,715</u>		
	<u>December 31, 2015</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Unsecured borrowing	\$ 1,349,823	1.05%~5.335%	None
Mortgage loan	20,925	1.8%~2.972%	Buildings and time deposits
	<u>\$ 1,370,748</u>		
	<u>September 30, 2015</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Unsecured borrowing	\$ 2,323,930	1.07%~6.16%	None
Mortgage loan	74,859	1.24%~3.08%	Buildings and time deposits
	<u>\$ 2,398,789</u>		

Details of mortgage loan are provided in Note 8.

(13) Other payables

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Salaries and bonus payable	\$ 256,053	\$ 297,362	\$ 271,398
Accrued employees' compensation and directors' and supervisors' remuneration	59,579	46,197	45,659
Others	66,622	77,733	67,190
Total	<u>\$ 382,254</u>	<u>\$ 421,292</u>	<u>\$ 384,247</u>

(14) Advance receipts

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Sales revenue received in advance	\$ 551,702	\$ 590,997	\$ 567,882
Others	18,605	7,117	27,033
Total	<u>\$ 570,307</u>	<u>\$ 598,114</u>	<u>\$ 594,915</u>

(15) Bonds payable

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Bonds payable	\$ 500,000	\$ -	\$ -
Less: Discount on bonds payable	( 24,983)	-	-
Total	<u>\$ 475,017</u>	<u>\$ -</u>	<u>\$ -</u>

A. The Company issued the 3rd domestic unsecured convertible bonds, as approved by the regulatory authority on August 1, 2016. The terms and conditions are as follows:

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

#### (16) Long-term borrowings

A. As of September 30 2016, December 31, 2016 and September 30, 2015, there was no change in the balance of undrawn borrowing facilities.



B. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Floating rate:			
Expiring beyond one year	\$ 900,000	\$ 900,000	\$ 900,000
Fixed rate:			
Expiring beyond one year	<u>14,241</u>	<u>14,415</u>	<u>14,322</u>
	<u>\$ 914,241</u>	<u>\$ 914,415</u>	<u>\$ 914,322</u>

(17) Pensions

- A.(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$801, \$885, \$2,403 and \$2,656 for the three months and nine months ended September 30, 2016 and 2015 respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 amounts to \$5,278.
- B.(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's Mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (c) Certain overseas subsidiaries have a defined contribution plan. Contributions to an independent fund are based on certain percentage of employees' monthly salaries and wages and are recognised as pension cost. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under the defined contribution pension plans of the Company for the three months and nine months ended September 30, 2016 and 2015 were \$22,478, \$22,097, \$63,768 and \$61,419, respectively.

(18) Share-based payment

A. For the nine months ended September 30, 2016 and 2015, the Company's share-based payment arrangements were as follows:

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

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

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

	<u>Nine months ended September 30,</u>			
	<u>2016</u>		<u>2015</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding at beginning of the period	3,956	\$ 19.60	-	\$ -
Options granted	-	-	3,956	19.60
Options exercised	-	-	-	-
Options forfeited	-	-	-	-
Options outstanding at end of the period	<u>3,956</u>	18.20	<u>3,956</u>	19.60
Options exercisable at end of the period	<u>-</u>	-	<u>-</u>	-
Options approved but not yet issued at end of the period	<u>44</u>	-	<u>44</u>	-

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

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

		September 30, 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 years	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2015.9.11	\$ 19.60	\$ 19.60	34.91%	4.375	0%	0.81%	\$ 5.8326

E. Expenses incurred on share-based payment transactions are \$1,977, \$432, \$5,929 and \$432 for the three months and nine months ended September 30, 2016 and 2015, respectively.

(19) Share capital

As of September 30, 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.

(20) Capital surplus

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

Details of movements in capital surplus are as follows:

	Nine months ended September 30, 2016			
	Share premium	Stock options	Expired stock options	Total
At January 1	\$ 616,003	\$ 2,419	\$ 351	\$ 618,773
Compensation cost of employee stock options	-	5,929	-	5,929
Due to recognition of equity component of convertible bonds issued	-	21,136	-	21,136
At September 30	<u>\$ 616,003</u>	<u>\$ 29,484</u>	<u>\$ 351</u>	<u>\$ 645,838</u>

Nine months ended September 30, 2015

	Expired			Total
	Share premium	Stock options	stock options	
At January 1	\$ 616,003	\$ -	\$ 351	\$ 616,354
Compensation cost of employee stock options	-	432	-	432
At September 30	<u>\$ 616,003</u>	<u>\$ 432</u>	<u>\$ 351</u>	<u>\$ 616,786</u>

(21) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve. The remaining amount along with the prior years' unappropriated earnings are resolved by the Board of Directors and proposed to the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of dividends shall not exceed 50% of the stock dividend distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D.(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E.(a) Details of 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	<u>\$ 376,013</u>		<u>\$ 368,594</u>	

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.

F. For the information relating to employees’ compensation (bonuses) and directors’ and supervisors’ remuneration, please refer to Note 6(24).

(22) Operating revenue

	<u>Three months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Construction revenue	\$ 1,912,371	\$ 2,466,832
Sales revenue	2,300,295	1,948,461
Other operating revenue	319,507	340,351
Total	<u>\$ 4,532,173</u>	<u>\$ 4,755,644</u>

  

	<u>Nine months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Construction revenue	\$ 6,518,194	\$ 6,974,267
Sales revenue	5,897,115	5,157,290
Other operating revenue	997,956	926,169
Total	<u>\$ 13,413,265</u>	<u>\$ 13,057,726</u>

(23) Other gains and losses

	Three months ended September 30,	
	2016	2015
Net gains (losses) on financial assets at fair value through profit or loss	\$ 2,026	(\$ 1,495)
Gain on disposal of investments	-	208
Impairment loss on financial assets	-	( 4,829)
Exchange (loss) gain	( 27,966)	67,554
Other losses	( 2,230)	( 1,331)
Total	<u>(\$ 28,170)</u>	<u>\$ 60,107</u>

	Nine months ended September 30,	
	2016	2015
Net gains on financial assets at fair value through profit or loss	\$ 1,311	\$ 392
Gain (loss) on disposal of investments	7,010	( 212)
Impairment loss on financial assets	-	( 4,829)
Exchange (loss) gain	( 49,235)	41,514
Other losses	( 6,591)	( 6,375)
Total	<u>(\$ 47,505)</u>	<u>\$ 30,490</u>

(24) Employee benefit expense, depreciation and amortisation

A. Employee benefit expense, depreciation and amortisation

	Three months ended September 30, 2016		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 147,479	\$ 193,367	\$ 340,846
Compensation cost of employee stock options	-	1,977	1,977
Labour and health insurance fees	15,656	13,220	28,876
Pension costs	12,474	10,805	23,279
Other employee benefit expense	5,265	7,565	12,830
Depreciation	14,374	12,045	26,419
Amortisation	2,202	1,686	3,888

	Three months ended September 30, 2015		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 149,624	\$ 206,043	\$ 355,667
Compensation cost of employee stock options	-	432	432
Labour and health insurance fees	16,717	12,709	29,426
Pension costs	12,731	10,251	22,982
Other employee benefit expense	5,155	8,864	14,019
Depreciation	18,020	8,557	26,577
Amortisation	923	3,681	4,604

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

	Nine months ended September 30, 2015		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense			
Wages and salaries	\$ 436,807	\$ 567,815	\$ 1,004,622
Compensation cost of employee stock options	-	432	432
Labour and health insurance fees	45,341	39,348	84,689
Pension costs	33,530	30,545	64,075
Other employee benefit expense	14,719	20,584	35,303
Depreciation	52,503	26,688	79,191
Amortisation	3,676	12,469	16,145

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

- (a) According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1%~15% for employees'

compensation and shall not be higher than 3% for directors' remuneration.

- (b) For the three months and nine months ended September 30, 2016 and 2015, employees' compensation and directors' and supervisors' remuneration are accrued as follows:

	Three months ended September 30,	
	2016	2015
Employees' compensation	\$ 16,643	\$ 33,491
Directors' and supervisors' remuneration	1,665	3,428
	<u>\$ 18,308</u>	<u>\$ 36,919</u>

  

	Nine months ended September 30,	
	2016	2015
Employee's compensation	\$ 50,475	\$ 40,967
Directors' and supervisors' remuneration	5,048	4,138
	<u>\$ 55,523</u>	<u>\$ 45,105</u>

For the nine months ended September 30, 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.

Employees' compensation and directors' 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.

(25) Income tax

A. Income tax expense

- (a) Components of income tax expense:

	Three months ended September 30,	
	2016	2015
Current tax		
Current tax on profits for the period	\$ 33,880	\$ 41,671
Adjustments in respect of prior years	516	27
Total current tax	34,396	41,698
Deferred tax		
Origination and reversal of temporary differences	(1,236)	10,092
Income tax expense	<u>\$ 33,160</u>	<u>\$ 51,790</u>



	Nine months ended September 30,	
	2016	2015
Current tax		
Current tax on profits for the period	\$ 116,787	\$ 90,302
Additional 10% tax on undistributed earnings	6,791	2,364
Adjustments in respect of prior years	6,523	2,731
Total current tax	130,101	95,397
Deferred tax		
Origination and reversal of temporary differences	(10,999)	(11,631)
Income tax expense	\$ 119,102	\$ 83,766

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

	Three months ended September 30,	
	2016	2015
Currency translation differences of foreign operations	\$ 8,270	(\$ 8,573)

	Nine months ended September 30,	
	2016	2015
Currency translation differences of foreign operations	\$ 13,789	(\$ 383)

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

	Assessment
The Company	Through 2014
eZoom Information, Inc.	Through 2014

C. Unappropriated retained earnings:

	September 30, 2016	December 31, 2015	September 30, 2015
Earnings generated in and before 1997	\$ -	\$ -	\$ -
Earnings generated in and after 1998	1,500,480	1,542,603	1,389,996
	<u>\$ 1,500,480</u>	<u>\$ 1,542,603</u>	<u>\$ 1,389,996</u>

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Balance of the imputation tax credit account	\$ <u>393,878</u>	\$ <u>352,687</u>	\$ <u>350,252</u>

The creditable tax rate is estimated to be 28.08% for 2015 and was 27.15% for 2014.

(26) Earnings per share

	<u>Three months ended September 30, 2016</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ <u>115,504</u>	165,070	\$ <u>0.70</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	\$ 752	7,680	
Employee stock option	-	599	
Employees' compensation	-	<u>1,852</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ <u>116,256</u>	<u>175,201</u>	\$ <u>0.66</u>

Three months ended September 30, 2015

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 197,208	165,070	\$ 1.19
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonuses		2,074	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 197,208	167,144	\$ 1.18

Nine months ended September 30, 2016

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 334,417	165,070	\$ 2.03
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	\$ 752	2,560	
Employee stock option	-	527	
Employees' compensation	-	2,657	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 335,169	170,814	\$ 1.96

Nine months ended September 30, 2015

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 291,317	165,070	\$ 1.76
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonuses		2,805	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 291,317	167,875	\$ 1.74

(27) Operating leases

Details are provided in Note 9(1).

(28) Business combinations

A. Acquired the share ownership of MICT International Limited

- (a) The Group originally held 50% share ownership of MICT International Limited (MICT) and obtained the remaining 50% share ownership on March 3, 2015. As the Group holds all voting rights in MICT International Limited and its subsidiary (Integrated Manufacturing & Services Co., Ltd.), MICT and Integrated Manufacturing & Services Co., Ltd. are included in the consolidated entities since March 2015.
- (b) The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interests in MICT:

	<u>March 3, 2015</u>
Purchase consideration	
Cash	\$ 12,453
Fair value of interests in MICT on the acquisition date that had been owned prior to the acquisition	<u>11,670</u>
	<u>\$ 24,123</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Investments accounted for using equity method	\$ 23,340
Total identifiable net assets	<u>\$ 23,340</u>
Goodwill	<u>\$ 783</u>

- (c) The Group recognised a gain of \$349 as a result of measuring at fair value its 50% equity interest in MICT held before the business combination.
- (d) The operating revenue included in the consolidated statement of comprehensive income from March 2015 to September 30, 2015 contributed by MICT and its subsidiary amounted to \$4,070 MICT and its subsidiary also contributed loss before income tax of \$7,240 over the same period. Had MICT and its subsidiary been consolidated starting from January 1, 2015, the consolidated statement of comprehensive income would show operating revenue of \$13,059,214 and profit before income tax of \$372,476 for the nine months ended September 30, 2015.

**B. Acquired the share ownership of MICT International Limited**

- (a) The Group originally held 40% share ownership of Frontken MIC Co. Limited (Frontken MIC) and obtained the remaining 60% share ownership on September 30, 2015. As the Group holds all voting rights in Frontken MIC Co. Limited and its subsidiary (Frontken-MIC (Wuxi) Co., Ltd.), it and its subsidiary (Frontken-MIC (Wuxi) Co., Ltd.) are included in the consolidated entities with its subsidiary since September 2015.
- (b) The following table summarizes the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interests in Frontken MIC:

	<u>September 30, 2015</u>
Purchase consideration	
Cash	\$ 2,958
Fair value of interests in Frontken MIC on the acquisition date that had been owned prior to the acquisition	<u>3,585</u>
	<u>\$ 6,543</u>
Fair value of the identifiable assets acquired and liabilities assumed	
Investments accounted for using equity method	\$ 8,962
Total identifiable net assets	<u>\$ 8,962</u>
Goodwill	<u>(\$ 2,419)</u>

- (c) The Group recognised a gain of \$206 as a result of measuring at fair value its 40% equity interest in Frontken MIC held before the business combination.
- (d) Frontken MIC and its subsidiary had been consolidated since September 30, 2015. Had Frontken MIC and its subsidiary been consolidated starting from January 1, 2015, the consolidated statement of comprehensive income would show operating revenue of \$13,057,726 and profit before income tax of \$371,667 for the nine months ended September 30, 2015.

## 7. RELATED PARTY TRANSACTIONS

### (1) Significant related party transactions and balances

#### A. Sales of goods and services

	<u>Three months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Sales of goods		
Other related parties	\$ 3,610	\$ 8,092
	<u>                    </u>	<u>                    </u>
	<u>Nine months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Sales of goods		
Other related parties	\$ 23,415	\$ 9,615
Entities controlled by key management or entities with significant influence	-	72,275
Total	<u>\$ 23,415</u>	<u>\$ 81,890</u>

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

#### B. Acquisition of goods and services

	<u>Three months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Purchases of goods		
Associates	\$ 5,342	\$ -
Other related parties	3,196	-
Entities controlled by key management or entities with significant influence	<u>727</u>	<u>7,940</u>
Total	<u>\$ 9,265</u>	<u>\$ 7,940</u>

	<u>Nine months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Purchases of goods		
Other related parties	\$ 3,213	\$ -
Entities controlled by key management or entities with significant influence	2,406	16,698
Associates	1,303	-
Total	<u>\$ 6,922</u>	<u>\$ 16,698</u>

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

	<u>Three months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Outsourcing construction costs		
Entities controlled by key management or entities with significant influence	\$ 918	\$ 4,362
Other related parties	186	4,325
Total	<u>\$ 1,104</u>	<u>\$ 8,687</u>

	<u>Nine months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Outsourcing construction costs		
Entities controlled by key management or entities with significant influence	\$ 9,579	\$ 16,912
Other related parties	7,489	4,325
Total	<u>\$ 17,068</u>	<u>\$ 21,237</u>

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

#### C. Receivables from related parties

Accounts receivable

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Entities controlled by key management or entities with significant influence	\$ 21	\$ 11,211	\$ 64,766
Other related parties	-	12,591	-
Subtotal	21	23,802	64,766
Less: allowance for bad debts	-	( 461)	( 1,711)
Total	<u>\$ 21</u>	<u>\$ 23,341</u>	<u>\$ 63,055</u>

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

D. Payables to related parties

Accounts payable

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Entities controlled by key management or entities with significant influence	\$ 8,357	\$ 20,610	\$ 16,921
Other related parties	2,905	-	1,767
Total	<u>\$ 11,262</u>	<u>\$ 20,610</u>	<u>\$ 18,688</u>

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

E. Construction contracts receivable

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Associates	\$ 6,152	\$ 7,044	\$ 7,044
Other related parties	37	44	286
Entities controlled by key management or entities with significant influence	-	6,483	6,483
Total	<u>\$ 6,189</u>	<u>\$ 13,571</u>	<u>\$ 13,813</u>

F. Property transactions

On September 30, 2016, December 31, 2015 and September 30, 2015, the Group has acquired computer equipment and related software from entities controlled by key management and the acquisition price was \$10,611, \$16,445 and \$11,766 (recorded as 'property, plant and equipment' and 'intangible assets'), respectively.

(2) Key management compensation

	<u>Three months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Salaries and other short-term employee benefits	<u>\$ 14,320</u>	<u>\$ 14,286</u>
	<u>Nine months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Salaries and other short-term employee benefits	<u>\$ 34,015</u>	<u>\$ 30,908</u>



## 8. PLEGDED ASSETS

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

Pledged asset	Book value			Purpose
	September 30, 2016	December 31, 2015	September 30, 2015	
Time deposits (recorded as 'other current assets')	\$ 17,929	\$ 17,769	\$ 20,863	Performance guarantee and other guarantee
Refundable deposits (recorded as 'other current assets')	88,930	45,022	46,708	Bid bond and performance guarantee
Buildings (recorded as 'property, plant and equipment')	149,430	167,820	176,520	Guarantee for bank's borrowing facility
	<u>\$ 256,289</u>	<u>\$ 230,611</u>	<u>\$ 244,091</u>	

## 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

### COMMITMENTS

#### Commitments

##### (1) Operating leases agreements

The Group leases buildings under non-cancellable operating lease agreements. The lease terms are under 10 years, and all these lease agreements are renewable at the end of the lease period. Rental is increased periodically to reflect market rental rates. The Group recognised rental costs and expenses of \$41,221, \$34,286, \$108,527 and \$94,848 for these leases in profit or loss for the three months and nine months ended September 30, 2016 and 2015, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Not later than one year	\$ 52,569	\$ 49,740	\$ 50,714
Later than one year but not later than five years	71,375	72,361	66,712
Later than five years	24,688	27,880	30,841
Total	<u>\$ 148,632</u>	<u>\$ 149,981</u>	<u>\$ 148,267</u>

(2) As of September 30, 2016, the notes and letters of guarantee used for construction performance and custom security amounted to \$1,756,921.

## 10. SIGNIFICANT DISASTER LOSS

None.

## 11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

## 12. OTHERS

### (1) Capital risk management

There was no significant change during the period. Please refer to Note 12 of the consolidated financial statements as of and for the year ended December 31, 2015.

## (2) Financial instruments

### A. Fair value information of financial instruments

There was no significant change during the period. Please refer to Note 12 of the consolidated financial statements as of and for the year ended December 31, 2015.

### B. Financial risk management policies

There was no significant change during the period. Please refer to Note 12 of the consolidated financial statements as of and for the year ended December 31, 2015.

### C. Significant financial risks and degrees of financial risks

#### (a) Market risk

##### Foreign exchange risk

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

September 30, 2016

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 39,211	31.36	\$ 1,229,657	1%	\$ 12,297	\$ -
USD : RMB	11,000	6.6825	344,951	1%	3,450	-
EUR : NTD	5,091	35.08	178,588	1%	1,786	-
JPY : NTD	536,028	0.3109	166,651	1%	1,667	-
RMB : NTD	19,645	4.6929	92,193	1%	922	-
USD : IDR	1,200	12,905	37,634	1%	376	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 4,907	31.36	\$ 153,889	1%	\$ 1,539	\$ -
USD : RMB	32,721	6.6825	1,026,143	1%	10,261	-
USD : SGD	1,555	1.3653	48,758	1%	488	-
JPY : NTD	116,148	0.3109	36,110	1%	361	-
USD : MYR	1,320	4.3321	41,386	1%	414	-

December 31, 2015

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 29,918	32.825	\$ 982,063	1%	\$ 9,821	\$ -
USD : RMB	9,073	6.5717	297,827	1%	2,978	-
EUR : NTD	3,836	35.88	137,640	1%	1,376	-
EUR : USD	1,108	1.09	39,748	1%	397	-
JPY : NTD	213,944	0.2727	58,343	1%	583	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 3,990	32.825	\$ 130,972	1%	\$ 1,310	\$ -
USD : RMB	22,133	6.5717	726,510	1%	7,265	-
USD : SGD	1,757	1.4118	57,670	1%	577	-
JPY : NTD	172,377	0.2727	47,007	1%	470	-

September 30, 2015

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Sensitivity analysis	
					Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 35,266	32.87	\$ 1,159,203	1%	\$ 11,592	\$ -
USD : RMB	10,867	6.3506	357,183	1%	3,572	-
EUR : NTD	3,451	36.92	127,407	1%	1,274	-
EUR : USD	1,847	1.12	68,176	1%	682	-
JPY : NTD	141,518	0.2739	38,762	1%	388	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 4,221	32.87	\$ 138,739	1%	\$ 1,387	\$ -
USD : RMB	28,479	6.3506	936,111	1%	9,361	-
USD : SGD	1,564	1.4229	51,404	1%	514	-

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

	Three months ended September 30, 2016		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	31.36	(\$ 11,117)
EUR : USD	4	1.12	368
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	\$ 412	6.6825	\$ 2,477

Three months ended September 30, 2015			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	32.87	\$ 31,573
EUR : USD	13	1.12	( 596)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	(\$ 4,325)	6.3506	(\$ 22,765)

Nine months ended September 30, 2016			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	31.36	(\$ 13,390)
EUR : USD	( 257)	1.12	( 8,051)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	(\$ 3,159)	6.6825	(\$ 14,826)

Nine months ended September 30, 2015			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	32.87	\$ 31,169
EUR : USD	( 495)	1.12	( 16,283)
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	(\$ 6,187)	6.3506	(\$ 32,024)

### Price risk

- The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet at fair value through profit or loss.
- The 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 nine months ended September 30, 2016 and 2015 would have increased/decreased by \$76 and \$78, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$354 and \$0, respectively, as a result of gains/losses on equity securities classified as available-for-sale. For the nine months ended September 30, 2016 and 2015, the amount recognised from available-for-sale financial assets to adjustments in equity was \$55,695 and \$0, respectively.

### Interest rate risk

- The Group's interest rate risk arises from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Changes in market interest rate will change effective interest rates of bank borrowings and thus fluctuate future cash flow. As the Group's operating capital is sufficient and risk is mostly offset by cash and cash equivalents held at variable rates, the Group has assessed there is no significant interest rate shift in cash flow risk.
- The Group analyses its interest rate exposure. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.
- Under the Group's simulation analysis result of interest risk, if the interest rate had increased/decreased by 1% with all other variables held constant, profit for the nine months ended September 30, 2016 and 2015 would have increased/ decreased by \$16,880 and \$19,910, respectively.

### (b) Credit risk

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

directors. The utilisation of credit limits is regularly monitored.

- Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.
  - For banks and financial institutions, only rated parties with good ratings are accepted.
  - The endorsements and guarantees provided by the Group are all in accordance with “Regulations Governing Lending of Funds and Making of Endorsements/ Guarantees by Public Companies”. The Group knows the credit status of endorseees 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:

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Up to 90 days	\$ 621,382	\$ 661,497	\$ 1,548,994

- iv. Movement analysis of notes and accounts receivable (including related parties) that were impaired is as follows:
- a. As of September 30, 2016, December 31, 2015 and September 30, 2015, the Group’s accounts receivable that were impaired amounted to \$2,850,523, \$2,376,220 and \$1,651,111, and allowance for bad debt was accrued as \$384,517, \$357,918 and \$324,346, respectively.
- b. Movements on the Group’s provision for impairment of accounts receivable are as follows:

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

	Nine months ended September 30, 2015		
	Individual provision	Group provision	Total
At January 1	\$ 175,381	\$ 135,094	\$ 310,475
Provision of impairment during the period	33,584	8,767	42,351
Write-offs during the period	( 31,830)	-	( 31,830)
Transfer during the period	26,770	( 26,770)	-
Effect of exchange rate	2,233	1,117	3,350
At September 30	<u>\$ 206,138</u>	<u>\$ 118,208</u>	<u>\$ 324,346</u>

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

	<u>September 30, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Type A	\$ 2,677	\$ 4,387	\$ 2,242
Type B	39,828	233,420	181,734
Type C	343,173	284,874	153,187
	<u>\$ 385,678</u>	<u>\$ 522,681</u>	<u>\$ 337,163</u>

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

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

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

(c) Liquidity risk

- i. The Group invests in financial assets measured at fair value through profit or loss in active markets, so it expects to sell the financial assets in markets with prices approximate to fair value. Financial assets at cost are not traded in active markets, thus, liquidity risk is expected. However, the Group's operating capital is sufficient to fulfill the Group's capital needs and it does not expect significant liquidity risk.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.



Non-derivative financial liabilities

<u>September 30, 2016</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,033,715	\$ -	\$ -	\$ -
Notes payable	753,896	-	-	-
Accounts payable (including related parties)	3,100,235	-	-	-
Other payables	382,254	-	-	-
Bonds payable	-	-	475,017	-

Non-derivative financial liabilities

<u>December 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,370,748	\$ -	\$ -	\$ -
Notes payable	806,991	-	-	-
Accounts payable (including related parties)	2,761,374	-	-	-
Other payables	421,292	-	-	-

Non-derivative financial liabilities

<u>September 30, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,398,789	\$ -	\$ -	\$ -
Notes payable	812,864	-	-	-
Accounts payable (including related parties)	2,747,731	-	-	-
Other payables	384,247	-	-	-

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

(3) Fair value information

- A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.
- B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

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

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

Level 3: Unobservable inputs for the asset or liability.

- C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2016, December 31, 2015 and September 30, 2015 is as follows:

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

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

<u>September 30, 2015</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	<u>\$ 5,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,453</u>

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

- E. The following chart is the movement of Level 3 for the nine months ended September 30, 2016:

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

F. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Convertible bond – call provision	\$ 200	Binomial tree pricing model	Volatility	23.92% ~33.92%	The higher the stock price volatility, the higher the fair value

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

		September 30, 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	± 20 bps	\$ 10	(\$ 10)	\$ -	\$ -
	Stock price	± 10%	40	( 10)	-	-
	Volatility	± 5%	20	( 20)	-	-
Total			<u>\$ 70</u>	<u>(\$ 40)</u>	<u>\$ -</u>	<u>\$ -</u>

### 13. SUPPLEMENTARY DISCLOSURES

#### (1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries and associates): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

#### (2) Information on investees

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

#### (3) Information on investments in Mainland China

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

## 14. SEGMENT INFORMATION

### (1) General information

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

The Group is divided into the following 4 segments:

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

### (2) Measurement of segment information

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

### (3) Segment profit information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments for the nine months ended September 30, 2016 and 2015 is as follows:

	Nine months ended September 30, 2016				
	Sales and services for equipment materials segment	Facility system and mechanic & electric system service segment	Customized equipment manufacturing segment	Other segments	Total
Revenue from external customers	\$ 2,399,606	\$ 8,441,964	\$ 2,557,444	\$ 14,251	\$ 13,413,265
Inter-segment revenue	85,173	46,629	12,630	4,294	148,726
Total segment revenue	\$ 2,484,779	\$ 8,488,593	\$ 2,570,074	\$ 18,545	\$ 13,561,991
Segment profit (loss)	\$ 180,139	\$ 60,905	\$ 236,373	(\$ 5,595)	\$ 471,822

Nine months ended September 30, 2015					
	Sales and services for equipment materials segment	Facility system and mechanic & electric system service segment	Customized equipment manufacturing segment	Other segments	Total
Revenue from external customers	\$ 2,460,878	\$ 8,005,079	\$ 2,546,195	\$ 45,574	\$ 13,057,726
Inter-segment revenue	42,260	40,139	8,100	4,217	94,716
Total segment revenue	\$ 2,503,138	\$ 8,045,218	\$ 2,554,295	\$ 49,791	\$ 13,152,442
Segment profit (loss)	\$ 199,209	\$ 35,523	\$ 99,943	(\$ 3,103)	\$ 331,572

(4) Reconciliation for segment income (loss)

Sales and services between segments are carried out at arm's length. The revenue and financial information from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax from continuing operations for the nine months ended September 30, 2016 and 2015 is provided as follows:

	Nine months ended September 30,	
	2016	2015
Reportable segments income	\$ 477,417	\$ 334,675
Other reportable segments loss	( 5,595)	( 3,103)
Total segments	471,822	331,572
Other gains and losses	( 32,883)	41,844
Gain (loss) on disposal of investments	7,010	( 212)
Income before tax from continuing operations	\$ 445,949	\$ 373,204

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Loans to others

Nine months ended September 30, 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 nine months ended September 30, 2016 (Note 2)	Balance at September 30, 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	\$ 58,016	\$ 58,016	\$ 40,768	4.616-4.756	2	\$ -	Operations	\$ -	None	-	\$ 1,791,514	\$ 1,791,514	Note 4
1	MIC-Tech Electronics Engineering Corp.	Shanghai Puritic Co., Ltd.	Other receivables	Y	53,381	49,275	39,889	4.785	2	-	Operations	-	None	-	220,947	220,947	Note 5
1	MIC-Tech Electronics Engineering Corp.	ChenGao M&E Engineering (Shanghai) Co., Ltd.	Other receivables	Y	2,034	1,877	1,877	4.785	2	-	Operations	-	None	-	220,947	331,420	Note 5
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	Other receivables	Y	18,967	18,771	18,771	4.785	2	-	Operations	-	None	-	220,947	331,420	Note 5
2	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	50,839	-	-	-	2	-	Operations	-	None	-	32,234	48,351	Note 5
2	MIC-Tech (WuXi) Co., Ltd.	Integrated Manufacturing & Services Co., Ltd.	Other receivables	Y	35,939	28,157	28,157	5.0025	2	-	Operations	-	None	-	32,234	48,351	Note 5
2	MIC-Tech (WuXi) Co., Ltd.	Shanghai Puritic Co., Ltd.	Other receivables	Y	24,745	23,464	16,425	5.0025	2	-	Operations	-	None	-	32,234	32,234	Note 5
3	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech China Trading (Shanghai) Co. Ltd.	Other receivables	Y	57,441	51,621	51,621	4.785	2	-	Operations	-	None	-	134,970	202,454	Note 5
3	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech (WuXi) Co., Ltd.	Other receivables	Y	16,597	16,425	16,425	4.785	2	-	Operations	-	None	-	134,970	202,454	Note 5
4	MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	Other receivables	Y	50,175	47,040	47,040	4.896	2	-	Operations	-	None	-	453,945	680,918	Note 4

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

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

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES  
Provision of endorsements and guarantees to others  
Nine months ended September 30, 2016

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2016 (Note 5)	Outstanding endorsement/ guarantee amount at September 30, 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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	2	\$ 2,239,393	\$ 67,068	\$ 66,552	\$ 55,080	-	1.49	\$ 4,478,785	Y	N	N	Note 3
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	2,239,393	786,142	777,390	544,841	-	17.36	4,478,785	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	3	2,239,393	324,115	310,464	310,464	-	6.93	4,478,785	Y	N	Y	Note 3
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	3	2,239,393	1,259,031	1,195,834	953,109	-	26.70	4,478,785	Y	N	Y	Note 3
0	Marketech International Corp.	Shanghai Puritic Co., Ltd.	3	2,239,393	69,953	69,953	-	-	1.56	4,478,785	N	N	Y	Note 4
0	Marketech International Corp.	Special Triumph Sdn. Bhd.	5	2,239,393	37,752	35,647	35,647	-	0.80	4,478,785	N	N	N	Note 3
1	Marketech Co., Ltd. (Hoa Phong Marketech Co., Ltd.)	MIC-Tech Viet Nam Co., Ltd.	3	2,239,393	38,495	8,256	8,256	-	0.18	4,478,785	N	N	N	Note 4
2	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	3	2,239,393	4,673	4,411	4,411	-	0.10	4,478,785	N	N	Y	Note 4
2	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	2,239,393	67,082	61,922	61,922	-	1.38	4,478,785	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. AND SUBSIDIARIES

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

Nine months ended September 30, 2016

Table 3

Expressed in thousands of NTD  
(Except as otherwise indicated)

Securities held by	Type of marketable securities	Name of marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As of September 30, 2016					
					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	\$ 6,003	-	\$ 6,003	None	
"	"	Solar Applied Materials Technology Corp.	"	"	50,000	-	-	-	"	
"	"	Aerospace Industrial Development Corp.	"	"	25,000	1,076	-	1,076	"	
						<u>\$ 7,079</u>		<u>\$ 7,079</u>		
"	Ordinary shares	Calitech Co., Ltd.	None	Available-for-sale financial assets - current	2,857,199	\$ 91,144	9.03%	\$ 91,144	None	
"	Ordinary shares	Ares Green Technology Corp.	None	Financial assets measured at cost - non-current	2,697,261	\$ 43,481	7.92%	\$ -	None	
"	"	Taiwan Puritic Corp.	"	"	6,191,181	39,287	10.32%	-	"	
"	"	SOPOWER Technology Corp.	Entities controlled by key management or entities with significant influence	"	189,223	-	12.61%	-	"	
"	"	VEEV Interactive Pte. Ltd.	None	"	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	"	517,500	19,500	0.90%	-	"	
"	"	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.	"	"	153,562	1,536	3.50%	-	"	
"	"	Taiwan Special Chemicals Corp.	"	"	901,333	9,013	0.78%	-	"	
"	"	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.	"	"	943,050	9,431	19.54%	-	"	
"	Preferred stock	Engenuity System, Inc.	"	"	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	"	-	<u>1,783</u>	19.00%	-	"	Note 4
						<u>\$ 257,977</u>				

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

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

Note 3: Holding preferred stock.

Note 4: The initial investment in the investee, MIC-Tech (Beijing) Environment Co., is translated at the exchange rate at September 30, 2016.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
Nine months ended September 30, 2016

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	1	Sales revenue	\$ 26,791	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.	0.20%
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp. Ltd.	1	Accounts receivable	5,031		0.04%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Non-operating revenue	12,558		0.09%
0	Marketech International Corp.	MIC-Tech Global Corp.	1	Prepayments	14,889		0.11%
0	Marketech International Corp.	Marketech International Sdn. Bhd.	1	Other receivables	42,323		0.32%
1	MIC-Tech Global Corp.	Marketech International Corp.	2	Sales revenue	31,415		0.23%
1	MIC-Tech Global Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	Sales revenue	23,797		0.18%
1	MIC-Tech Global Corp.	MIC-Tech (Shanghai) Corp. Ltd.	3	Advance receipts	15,069		0.11%
2	eZoom Information, Inc.	Marketech International Corp.	2	Services revenue	24,052		0.18%
3	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	2	Accounts payable	13,546		0.10%
3	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	Construction contracts receivable	8,963		0.07%
3	MIC-Tech Electronics Engineering Corp.	Shanghai Puritic Co., Ltd.	3	Other receivables	39,889		0.30%
3	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	3	Other receivables	18,771		0.14%
4	Shanghai Puritic Co., Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	11,893		0.09%
5	MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	3	Other receivables	47,629	0.36%	
6	MIC-Tech (WuXi) Co., Ltd.	Integrated Manufacturing & Services Co., Ltd.	3	Other receivables	28,157	0.21%	
6	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech (Shanghai) Corp. Ltd.	3	Sales revenue	6,456	0.05%	
6	MIC-Tech (WuXi) Co., Ltd.	MIC-Tech (Shanghai) Corp. Ltd.	3	Accounts receivable	5,047	0.04%	
6	MIC-Tech (WuXi) Co., Ltd.	Shanghai Puritic Co., Ltd.	3	Other receivables	16,425	0.12%	
7	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech China Trading (Shanghai) Co. Ltd.	3	Other receivables	51,621	0.39%	
7	MIC-Tech (Shanghai) Corp. Ltd.	MIC-Tech (WuXi) Co., Ltd.	3	Other receivables	16,425	0.12%	

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

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

## MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

## Information on investees

Nine months ended September 30, 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 September 30, 2016			Net profit (loss) of the investee for the nine months ended September 30, 2016	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016 (Note 1)	Footnote
				Balance as at September 30, 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	(\$ 12,357)	(\$ 33,328)	(\$ 33,328)	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	1,136,903	( 101,249)	( 100,482)	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	15,909	131,560	100	4,887	( 1,446)	( 4,082)	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	41,221	24	24	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	39,828	( 53)	( 53)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	10,129	9,139	421,087	100	5,291	( 2,175)	( 2,175)	The Company's subsidiary
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Myanmar	Design, manufacturing, installation of automatic production equipment and its parts	62,000	62,000	200,000	100	50,553	( 2,511)	( 2,511)	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	35,132	( 3,104)	( 3,104)	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	11,125	( 2,512)	( 2,512)	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	20,304	( 4,966)	( 4,966)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn. Bhd.	Malaysia	Specialized contracting and related repair services	45,307	22,287	6,258,750	51.12	32,762	( 20,073)	( 10,369)	The investor's subsidiary (Note3)
Marketech International Corp.	Glory Technology Service Inc..	Taiwan	Sale and installation of information and communication equipment	21,408	20,000	2,000,000	35	32,801	9,234	3,605	The Company's investee accounted for using equity method

Investor	Investee	Location	Main business activities	Initial investment amount (Note2)		Shares held as at September 30, 2016			Net profit (loss) of the investee for the nine months ended September 30, 2016	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016 (Note 1)	Footnote
				Balance as at September 30, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Solmark Advanced Materials Technology, Inc.	Taiwan	Manufacturing and sale of precursors for advanced process (process of atomic layer deposition)	\$ 900	\$ 42,000	90,000	30	\$ 167	(\$ 21)	(\$ 6)	The Company's investee accounted for using equity method
Marketech International Corp.	MIC Techno Co., Ltd.	Taiwan	Sale of panels and its materials	2,000	2,000	200,000	20	1,866	( 78)	-16	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	37,587	2	2	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	1,134,864	( 101,242)	-	The investor's subsidiary
Marketech Integrated Pte Ltd.	Marketech International Sdn. Bhd.	Malaysia	Specialized contracting and related repair services	43,318	43,318	5,984,000	48.88	32,502	( 20,073)	-	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	4,552	( 2,172)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Hong Kong	Investment holding and reinvestment	28,521	28,521	633,000	100	( 35,959)	( 14,267)	-	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	6,551	( 1,758)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	TPP-MIC Co., Limited	Hong Kong	Investment holding and reinvestment	6,025	6,025	180,000	60	-	( 114)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Hong Kong	Investment holding and reinvestment	58,887	58,887	3,000,000	100	2,848	( 11,435)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment holding and reinvestment	8,990	8,990	303,000	31.43	3,868	( 517)	-	The investor's investee accounted for using equity method
Rusky H.K. Limited	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	32	-	1,000	0.08	32	2	-	The investor's investee accounted for using equity method

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

Note 2: Except for subsidiaries in Malaysia are translated at the current rate as of September 30, 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 September 30, 2016.

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

## MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investments in Mainland China

Nine months ended September 30, 2016

Table 6

Expressed in thousands of NTD

## 1. Basic information

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2016 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016 (Note 3)	Net income of investee for the nine months ended September 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016 (Note 2)	Book value of investments in Mainland China as of September 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of September 30, 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	\$ 799,680	Note 1(2)	\$ 642,880	\$ -	\$ -	\$ 642,880	(\$ 60,471)	100	(\$ 60,014)	\$ 76,362	\$ -	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	258,438	Note 1(2)	15,680	-	-	15,680	11,780	100	11,780	337,424	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	9,408	Note 1(2)	9,656	-	-	9,656	( 251)	100	( 251)	( 637)	-	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	12,544	Note 1(2)	18,910	-	-	18,910	( 17,655)	80	( 14,124)	( 36,483)	-	Note 2 (2)B

Table 6-1

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2016 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016 (Note 3)	Net income of investee for the nine months ended September 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016 (Note 2)	Book value of investments in Mainland China as of September 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of September 30, 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	\$ 552,532	Note 1(2)	\$ 267,187	\$ -	\$ -	\$ 267,187	(\$ 24,900)	100	(\$ 24,900)	\$ 552,367	\$ -	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.	9,565	Note 1(2)	1,537	-	-	1,537	( 7,618)	49	( 3,733)	2,858	-	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	6,272	Note 1(2)	6,272	-	-	6,272	( 101)	100	( 101)	( 2,555)	-	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	72,379	Note 1(2)	28,952	-	-	28,952	( 1,710)	100	( 1,710)	6,502	-	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	94,080	Note 1(2)	47,040	-	-	47,040	( 11,435)	100	( 11,435)	2,066	-	Note 2 (2)B

Table 6-2

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2016 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016 (Note 3)	Net income of investee for the nine months ended September 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016 (Note 2)	Book value of investments in Mainland China as of September 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of September 30, 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	\$ 47,040	Note 1(2)	\$ 47,040	\$ -	\$ -	\$ 47,040	(\$ 13,447)	100	(\$ 13,447)	\$ 36,282	-	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	30,008	Note 1(2)	9,431	-	-	9,431	( 492)	31.43	( 155)	3,847	\$ -	Note 2 (2)C

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

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

Note 2: In the 'Investment income (loss) recognised by the Company for the nine months ended September 30, 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 September 30, 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.	\$ 1,106,531	\$ 1,809,847	\$ 2,687,271

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

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.