

**MARKETECH INTERNATIONAL CORP.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2020 AND 2019**

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Marketech International Corp. and subsidiaries (the “Group”) as at March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

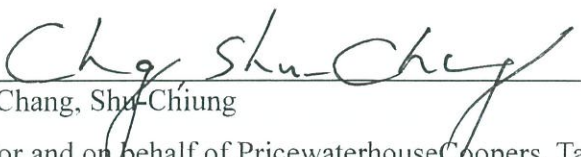
Basis for Qualified Conclusion

As explained in Note 4(3) and 6(6), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets (including investments accounted for using equity method) of NT\$1,077,201 thousand and NT\$1,035,430 thousand, both constituting 5% of the consolidated total assets, and total liabilities of NT\$255,210 thousand and NT\$134,956 thousand, constituting 2% and 1% of the consolidated total liabilities as at March 31, 2020 and 2019, respectively, and total comprehensive income (loss) of NT(\$7,864) thousand and NT(\$27,033) thousand, constituting (3%) and (16%) of the consolidated total comprehensive income for the three months then ended. These amounts were based solely on the

unreviewed financial statements of these companies as of March 31, 2020 and 2019.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.


Chang, Shih-Chiung


Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan
May 8, 2020

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 March 31, 2020 and 2019 are reviewed, not audited)

Assets	Notes	March 31, 2020		December 31, 2019		March 31, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 2,652,121	13	\$ 2,560,943	13	\$ 2,095,000	11
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		57,827	-	63,303	-	33,691	-
1140	Current contract assets	6(18)	4,589,823	23	4,095,623	21	4,520,457	24
1150	Notes receivable, net	6(3)	74,781	-	157,693	1	118,242	1
1170	Accounts receivable, net	6(3)	3,708,864	19	4,805,637	25	4,002,992	21
1180	Accounts receivable - related	6(3) and 7						
	parties, net		173,235	1	229,575	1	84,990	-
1200	Other receivables		21,560	-	10,542	-	33,664	-
130X	Inventories, net	6(4)	3,392,871	17	3,114,071	16	3,699,797	19
1410	Prepayments	6(5)	529,825	3	361,171	2	409,508	2
1470	Other current assets	8	307,292	1	236,465	1	225,053	1
11XX	Total current assets		<u>15,508,199</u>	<u>77</u>	<u>15,635,023</u>	<u>80</u>	<u>15,223,394</u>	<u>79</u>
Non-current assets								
1510	Financial assets at fair value	6(2)						
	through profit or loss - non-							
	current		534,926	3	527,163	3	468,722	3
1550	Investments accounted for	6(6)						
	using equity method		100,722	1	80,640	-	64,250	-
1600	Property, plant and equipment,	6(7), 7 and 8						
	net		2,202,249	11	2,211,675	11	2,246,797	12
1755	Right-of-use assets	6(8)	1,029,078	6	971,068	5	1,037,820	5
1780	Intangible assets	7	56,817	-	16,695	-	15,841	-
1840	Deferred tax assets		154,087	1	152,169	1	143,309	1
1900	Other non-current assets	6(2)(6) and 8	100,950	1	58,445	-	44,189	-
15XX	Total non-current assets		<u>4,178,829</u>	<u>23</u>	<u>4,017,855</u>	<u>20</u>	<u>4,020,928</u>	<u>21</u>
1XXX	Total Assets		<u>\$ 19,687,028</u>	<u>100</u>	<u>\$ 19,652,878</u>	<u>100</u>	<u>\$ 19,244,322</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 March 31, 2020 and 2019 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2020		December 31, 2019		March 31, 2019		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(9) and 8	\$ 3,385,975	17	\$ 3,048,408	15	\$ 2,897,878	15
2130	Current contract liabilities	6(18)	3,353,329	17	3,495,529	18	3,554,298	18
2150	Notes payable		972,778	5	951,202	5	1,175,785	6
2160	Notes payable - related parties	7	573	-	3,272	-	4,639	-
2170	Accounts payable		3,739,381	19	4,228,076	22	3,616,587	19
2180	Accounts payable - related parties	7	4,558	-	8,100	-	9,927	-
2200	Other payables	6(10)	362,816	2	509,591	3	376,049	2
2230	Current tax liabilities		157,921	1	97,851	-	169,694	1
2280	Current lease liabilities		108,836	-	107,955	1	138,358	1
2310	Advance receipts		60,270	-	39,092	-	29,257	-
2320	Long-term liabilities, current portion	6(11)	-	-	-	-	10,824	-
2399	Other current liabilities		118,599	1	98,364	-	96,184	1
21XX	Total current liabilities		<u>12,265,036</u>	<u>62</u>	<u>12,587,440</u>	<u>64</u>	<u>12,079,480</u>	<u>63</u>
Non-current liabilities								
2540	Long-term borrowings	6(12)	200,000	1	200,000	1	200,000	1
2570	Deferred tax liabilities		24,424	-	19,383	-	6,950	-
2580	Non-current lease liabilities		894,952	5	833,369	4	879,038	4
2640	Accrued pension liabilities		169,881	1	170,165	1	161,309	1
2670	Other non-current liabilities	6(6)	4,842	-	4,553	-	4,467	-
25XX	Total non-current liabilities		<u>1,294,099</u>	<u>7</u>	<u>1,227,470</u>	<u>6</u>	<u>1,251,764</u>	<u>6</u>
2XXX	Total Liabilities		<u>13,559,135</u>	<u>69</u>	<u>13,814,910</u>	<u>70</u>	<u>13,331,244</u>	<u>69</u>
Equity								
Share capital								
3110	Ordinary shares	6(15)	1,870,757	10	1,868,400	10	1,856,904	10
Capital surplus								
3200	Capital surplus	6(14)(16)	995,239	5	982,882	5	971,636	5
Retained earnings								
3310	Legal reserve	6(17)	771,326	4	771,326	4	692,068	4
3320	Special reserve		92,239	-	92,239	1	92,239	1
3350	Unappropriated retained earnings		2,487,119	13	2,255,413	11	2,347,998	12
Other equity interest								
3400	Other equity interest		(162,096)	(1)	(170,247)	(1)	(114,350)	(1)
31XX	Total equity attributable to owners of parent		<u>6,054,584</u>	<u>31</u>	<u>5,800,013</u>	<u>30</u>	<u>5,846,495</u>	<u>31</u>
36XX	Non-controlling interests	4(3)	<u>73,309</u>	<u>-</u>	<u>37,955</u>	<u>-</u>	<u>66,583</u>	<u>-</u>
3XXX	Total Equity		<u>6,127,893</u>	<u>31</u>	<u>5,837,968</u>	<u>30</u>	<u>5,913,078</u>	<u>31</u>
Significant contingent liabilities and unrecognised contract commitments								
3X2X	Total Liabilities and Equity		<u>\$ 19,687,028</u>	<u>100</u>	<u>\$ 19,652,878</u>	<u>100</u>	<u>\$ 19,244,322</u>	<u>100</u>

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

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

				Three months ended March 31			
Items		Notes	2020		2019		
			AMOUNT	%	AMOUNT	%	
4000	Operating Revenue	6(18) and 7	\$ 5,498,319	100	\$ 5,753,058	100	
5000	Operating Costs	6(4)(20) and 7	(4,789,392)	(87)	(5,247,439)	(91)	
5900	Gross Profit		<u>708,927</u>	<u>13</u>	<u>505,619</u>	<u>9</u>	
	Operating Expenses	6(20)					
6100	Sales and marketing expenses		(145,049)	(3)	(153,388)	(3)	
6200	General and administrative expenses		(200,581)	(4)	(201,670)	(3)	
6300	Research and development expenses		(39,912)	(1)	(45,142)	(1)	
6450	Impairment on expected credit loss profit	12(2)	(43,851)	(1)	45,481	1	
6000	Total operating expenses		<u>(429,393)</u>	<u>(9)</u>	<u>(354,719)</u>	<u>(6)</u>	
6900	Operating Profit		<u>279,534</u>	<u>4</u>	<u>150,900</u>	<u>3</u>	
	Non-operating Income and Expenses						
7010	Other income		10,971	-	11,921	-	
7020	Other gains and losses	6(2)(19)	15,190	-	58,903	1	
7050	Finance costs		(17,873)	-	(23,077)	-	
7060	Share of (loss) profit of associates and joint ventures accounted for using equity method		(251)	-	1,575	-	
7000	Total non-operating income and expenses		<u>8,037</u>	<u>-</u>	<u>49,322</u>	<u>1</u>	
7900	Profit before Income Tax		<u>287,571</u>	<u>4</u>	<u>200,222</u>	<u>4</u>	
7950	Income tax expense	6(21)	(64,436)	(1)	(53,676)	(1)	
8200	Net Income		<u>\$ 223,135</u>	<u>3</u>	<u>\$ 146,546</u>	<u>3</u>	
	Other Comprehensive Income						
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Exchange differences on translation of foreign operations		\$ 9,825	-	\$ 33,783	-	
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method		42	-	(155)	-	
8399	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(21)	(2,038)	-	(6,645)	-	
8360	Other comprehensive income that will be reclassified to profit or loss		<u>7,829</u>	<u>-</u>	<u>26,983</u>	<u>-</u>	
8300	Other comprehensive income, net of tax		<u>\$ 7,829</u>	<u>-</u>	<u>\$ 26,983</u>	<u>-</u>	
8500	Total Comprehensive Income		<u>\$ 230,964</u>	<u>3</u>	<u>\$ 173,529</u>	<u>3</u>	
	Profit (loss) attributable to:						
8610	Owners of the parent		\$ 231,706	3	\$ 150,934	3	
8620	Non-controlling interests		(8,571)	-	(4,388)	-	
	Total		<u>\$ 223,135</u>	<u>3</u>	<u>\$ 146,546</u>	<u>3</u>	
	Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 239,857	3	\$ 177,515	3	
8720	Non-controlling interests		(8,893)	-	(3,986)	-	
	Total		<u>\$ 230,964</u>	<u>3</u>	<u>\$ 173,529</u>	<u>3</u>	
9750	Basic earnings per share	6(22)	\$	1.24	\$	0.81	
9850	Diluted earnings per share	6(22)	\$	1.23	\$	0.80	

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Equity attributable to owners of the parent								Non-controlling interests	Total equity
		Capital Reserves			Retained Earnings			Financial statement translation differences of foreign operations	Total		
		Share capital - ordinary shares	Share premium	Others	Legal reserve	Special reserve	Unappropriated retained earnings				
<u>Three months ended March 31, 2019</u>											
Balance at January 1, 2019		\$ 1,855,913	\$ 959,959	\$ 10,422	\$ 692,068	\$92,239	\$ 2,197,064	(\$ 140,931)	\$ 5,666,734	\$ 70,569	\$ 5,737,303
Profit (loss) for the period		-	-	-	-	-	150,934	-	150,934	(4,388)	146,546
Other comprehensive income (loss) for the period		-	-	-	-	-	-	26,581	26,581	402	26,983
Total comprehensive income (loss)		-	-	-	-	-	150,934	26,581	177,515	(3,986)	173,529
Share-based payment	6(14)(15)(16)	602	769	(114)	-	-	-	-	1,257	-	1,257
Conversion of convertible bonds	6(15)(16)(23)	389	642	(42)	-	-	-	-	989	-	989
Balance at March 31, 2019		\$ 1,856,904	\$ 961,370	\$ 10,266	\$ 692,068	\$92,239	\$ 2,347,998	(\$ 114,350)	\$ 5,846,495	\$ 66,583	\$ 5,913,078
<u>Three months ended March 31, 2020</u>											
Balance at January 1, 2020		\$ 1,868,400	\$ 976,688	\$ 6,194	\$ 771,326	\$92,239	\$ 2,255,413	(\$ 170,247)	\$ 5,800,013	\$ 37,955	\$ 5,837,968
Profit (loss) for the period		-	-	-	-	-	231,706	-	231,706	(8,571)	223,135
Other comprehensive income (loss) for the period		-	-	-	-	-	-	8,151	8,151	(322)	7,829
Total comprehensive income (loss)		-	-	-	-	-	231,706	8,151	239,857	(8,893)	230,964
Share-based payment	6(14)(15)(16)	2,357	2,821	(1,477)	-	-	-	-	3,701	260	3,961
Changes in ownership interest in subsidiaries	6(16)	-	-	11,013	-	-	-	-	11,013	(11,013)	-
Change in non-controlling interests		-	-	-	-	-	-	-	-	55,000	55,000
Balance at March 31, 2020		\$ 1,870,757	\$ 979,509	\$ 15,730	\$ 771,326	\$92,239	\$ 2,487,119	(\$ 162,096)	\$ 6,054,584	\$ 73,309	\$ 6,127,893

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

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

	Notes	Three months ended March 31	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 287,571	\$ 200,222
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(19)	11,294	(49,164)
Impairment on expected credit loss (profit)	12(2)	43,851	(45,481)
Share of loss (profit) of associates and joint ventures accounted for using equity method		251	(1,575)
Depreciation	6(7)(8)(20)	75,790	84,036
Amortisation	6(20)	4,189	4,126
Loss (gain) on disposal of property, plant and equipment	6(7)	66	(1,351)
Compensation cost of share-based payments	6(14)(16)(20)	260	251
Interest income		(1,519)	(1,530)
Interest expense		17,873	23,077
Dividend income		(155)	(75)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets – current		(494,200)	(290,916)
Notes receivable, net		82,912	(22,251)
Accounts receivable, net		1,037,885	222,202
Accounts receivable – related parties, net		56,340	24,490
Other receivables		(12,018)	(9,860)
Inventories		(283,603)	114,072
Prepayments		(168,654)	7,472
Other current assets		(49,729)	(27,418)
Changes in operating liabilities			
Contract liabilities – current		(142,200)	233,832
Notes payable		21,576	136,265
Notes payable – related parties		(2,699)	-
Accounts payable		(474,061)	(725,379)
Accounts payable – related parties		(3,542)	(4,193)
Other payables		(142,999)	(217,813)
Advance receipts		21,178	712
Other current liabilities		20,235	46,478
Other non-current liabilities		(284)	(647)
Cash outflow generated from operations		(94,392)	(300,418)
Interest received		1,590	1,529
Dividends received		155	75
Interest paid		(18,031)	(23,194)
Income tax paid		(3,056)	(2,939)
Net cash flows used in operating activities		(113,734)	(324,947)

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

	Notes	Three months ended March 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 13,581)	(\$ 24,079)
Proceeds from disposal of financial assets at fair value through profit or loss		-	82,042
Decrease (increase) in other financial assets – current		955	(18)
Acquisition of investments accounted for using equity method		(20,000)	-
Acquisition of property, plant and equipment	6(7)	(18,547)	(52,845)
Proceeds from disposal of property, plant and equipment	6(7)	28	12,832
Acquisition of right-of-use assets		(611)	(21,767)
Acquisition of intangible assets		(44,328)	(483)
Increase in refundable deposits		(27,302)	(3,972)
(Increase) decrease in prepayments for business facilities		(7,033)	2,650
Decrease in other non-current assets		(30,225)	(10,000)
Net cash flows used in investing activities		(160,644)	(15,640)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(9)(24)	348,978	237,598
Proceeds from exercise of employee stock options	6(14)	3,701	1,006
Repayments of lease principal	6(8)(24)	(20,445)	(22,555)
Changes in non-controlling interests		55,000	-
Net cash flows from financing activities		387,234	216,049
Effect of exchange rate changes on cash and cash equivalents		(21,678)	64,181
Net increase (decrease) in cash and cash equivalents		91,178	(60,357)
Cash and cash equivalents at beginning of period	6(1)	2,560,943	2,155,357
Cash and cash equivalents at end of period	6(1)	\$ 2,652,121	\$ 2,095,000

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

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

MARCH 31, 2020 AND 2019

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

1. ORGANIZATION AND OPERATIONS

Marketch International Corp. (the “Company”) was incorporated in the Republic of China (R.O.C) on December 27, 1988. On October 17, 2002, the Company’s common shares were officially listed on the Taiwan Over-The-Counter Securities Exchange and on May 24, 2004, the shares were transferred to be listed on the Taiwan Stock Exchange. The Company and its subsidiaries (collectively referred herein as the “Group”) are mainly engaged in (i) import and trade of various integrated circuits, semiconductors, electrical and computer equipment and materials, chemicals, gas, components; (ii) factory affair and mechatronic system including clean room, automatic supply system of (specialty) gas and chemicals, monitoring system, Turn-key and Hook-up Project services and (iii) design and manufacturing of customized equipment. Ennoconn International Investment Co., Ltd. owns 44.62% of the shares of the Company. The ultimate parent company of the Company is Ennoconn Corporation.

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

The consolidated financial statements were reported to the Board of Directors on May 8, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendment to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2020

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

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

None.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2022

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2019, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Statement of compliance

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.
- B. These consolidated financial statements should be read along with the consolidated financial statements as of and for the year ended December 31, 2019.

(2) Basis of preparation

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

complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2019.

B. The subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Contracting for semiconductor automatic supply system	100	100	100	Note 1
Marketech International Corp.	Headquarter International Ltd.	Investment holdings and reinvestment	100	100	100	Note 1
Marketech International Corp.	Tiger United Finance Ltd.	Investment holdings and reinvestment	100	100	100	Note 1
Marketech International Corp.	Market Go Profits Ltd.	Investment holdings and reinvestment	100	100	100	-
Marketech International Corp.	MIC-Tech Global Corp.	International trade	100	100	100	Note 1
Marketech International Corp.	MIC-Tech Viet Nam Co., Ltd.	Trading, installation and repair of various machinery equipment and its peripherals; consulting service and software execution service associated with computer hardware installation	100	100	100	Note 1
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Contracting for electrical installation construction	100	100	100	Note 1
Marketech International Corp.	eZoom Information, Inc.	Research, trading and consulting of information system software and hardware appliance	100	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
Marketech International Corp.	Marketech Co., Ltd.	Specialized contracting and related repair services; equipment sales and repair, sales of cosmetics and daily necessities; production, development and implementation of software and providing coding service; providing installation service of industrial machine and equipment	100	100	100	Note 1
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	100	100	100	Note 1
Marketech International Corp.	PT Marketech International Indonesia	Trading business of machine equipment and parts	99.92	99.92	99.92	Note 1
Marketech International Corp.	Marketech Netherlands B.V.	International trade business of machine and components and technical service	100	100	100	Note 1
Marketech International Corp.	ADAT Technology CO., LTD. (ADAT)	Research, development, application, and service of software; supply of electronic information and the buying and selling of equipment	20.94	29.41	30.30	Note 1 and 2
Marketech International Corp.	Marketech International Corporation USA	Specialized contracting and related repair services	100	100	-	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Investment holdings and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Investment holdings and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Investment holdings and reinvestment	60	60	60	-
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co., Limited	Investment holdings and reinvestment	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (WuXi) Co., Ltd.	Design, manufacturing, installation and maintenance of semiconductor device, crystal dedicated device, electronic component device, environment pollution preventing equipment; assembly of wrapping device and cooling equipment; assembly of barbecue grill; producing, assembling and sale of LED illuminator and its component;wholesale, commission agency and import and export of the aforementioned products and their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants;	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
		design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system, manufacturing and sales of medical devices.				
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repair, manufacture, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; construction of chemical and petroleum projects; construction of public municipal infrastructure projects; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting. Building equipment, building materials (excluding steel and cement), electronic products, chemical products (excluding hazardous products), metal products, electrical equipment, wholesale of communications equipment, commission-based agency (excluding auctions) and import-export business, and delivery of all related and supplementary services	100	100	100	-
MIC-Tech Ventures Asia Pacific Inc.	Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
MIC-Tech Ventures Asia Pacific Inc.	SKMIC (WUXI) Corp.	Design, installation and repair of semi-conductor and transistor facilities, electronic components facilities and pollution prevention equipment, as well as wholesale, commission agent and export/import business of products listed above, industrial cleaning, repair and maintenance	-	-	49	Note 2 and 3
MIC-Tech Ventures Asia Pacific Inc.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products, semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity; international and entrepot trade, trading and trading agency among enterprises in customs bonded area; consulting service for trading; installation, repair, and maintenance of automation equipment, electronic equipment, and their parts	100	100	100	-

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
Rusky H.K. Limited	Shanghai Maohua Electronics Engineering Co., Ltd.	Production of scrubber bins for semiconductor manufacturers; design, installation, debugging and technology services of tunnel system; equipment repair for semiconductor manufacturers; consulting service for electrical and medical equipment wholesale, commissioned distribution, export, import and related services of electronic products, machinery equipment, chemical products, communication equipment, metal products, plastic products	87	87	87	-
Rusky H.K. Limited	ChenGao M&E Engineering (Shanghai) Co., Ltd.	Design of microelectronic products and display devices; consulting service for related technology and management	-	-	100	Note 4
Rusky H.K. Limited	PT Marketech International Indonesia	Trading business of machine equipment and parts	0.08	0.08	0.08	Note 1

Name of investor	Name of subsidiary	Main business activities	Percentage of Ownership (%)			Note
			March 31, 2020	December 31, 2019	March 31, 2019	
MICT International Limited	Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro-display module, and production, cleaning and regeneration of new electrical device; sells the products that manufactured by itself; machinery equipment, research and development, transfer, consulting and service of semiconductor-related technology; processing of metal salvage and junk (except for hazardous chemicals and hazardous waste); metallic material (except for steels and noble metal), ceramic product, paper products and wholesale, retail and import and export of hardware products	60	60	60	-
Frontken MIC Co., Limited	Frontken-MIC (Wuxi) Co., Ltd.	Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductor	100	100	100	-
Marketch Engineering Pte. Ltd.	Marketch Integrated Construction Co., Ltd.	Specialized contracting for electrical installation construction	97.69	97.69	95	Note 1

Note 1 : The financial statements of the entity as of and for the three months ended March 31, 2020 and 2019 were not reviewed by independent accountants as the entity did not meet the definition of significant subsidiary

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

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

Note 4 : ChenGao M&E Engineering (Shanghai) Co., Ltd. has completed the liquidation process in October 2019.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: As of March 31, 2020, December 31, 2019 and March 31, 2019, the non-controlling interests amounted to \$73,309, \$37,955 and \$66,583, respectively. Subsidiaries that have non-controlling interests are not material to the Group.

(4) Income tax

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

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

There was no significant change in the reporting period. Please refer to Note 5 in the consolidated financial statements as of and for the year ended December 31, 2019.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Cash on hand	\$ 15,706	\$ 15,692	\$ 16,078
Checking accounts and demand deposits	2,625,805	2,530,778	2,039,469
Time deposits	<u>10,610</u>	<u>14,473</u>	<u>39,453</u>
Total	<u>\$ 2,652,121</u>	<u>\$ 2,560,943</u>	<u>\$ 2,095,000</u>

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

B. Except for the cash and cash equivalents pledged to others as shown in Note 8 that was transferred

to 'other current assets', the Group has no cash and cash equivalents pledged to others.

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 7,439	\$ 7,439	\$ 9,699
Hybrid instruments-call provision of convertible corporate bonds (Note 6(11))	-	-	250
	<u>7,439</u>	<u>7,439</u>	<u>9,949</u>
Valuation adjustment	50,388	55,864	23,742
Total	<u>\$ 57,827</u>	<u>\$ 63,303</u>	<u>\$ 33,691</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 16,582	\$ 16,582	\$ 17,156
Unlisted stocks	403,291	403,291	360,038
Beneficiary certificates	6,246	4,720	1,629
Hybrid instruments-convertible corporate bonds	48,014	35,959	35,959
	<u>474,133</u>	<u>460,552</u>	<u>414,782</u>
Valuation adjustment	60,793	66,611	53,940
Total	<u>\$ 534,926</u>	<u>\$ 527,163</u>	<u>\$ 468,722</u>
Prepayments to long-term investments (listed as 'other non-current assets')			
Unlisted stocks	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000</u>

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

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 9,345	\$ 52,086
Hybrid instruments	(20,639)	(2,922)
	<u>(\$ 11,294)</u>	<u>\$ 49,164</u>

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

(3) Notes and accounts receivable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Notes receivable	\$ 74,781	\$ 157,693	\$ 118,242
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Accounts receivable	\$ 4,355,389	\$ 5,411,482	\$ 4,580,753
Less: Loss allowance	(646,525)	(605,845)	(577,761)
Total	<u>\$ 3,708,864</u>	<u>\$ 4,805,637</u>	<u>\$ 4,002,992</u>

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

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

(a) Notes receivable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Not past due	\$ 74,781	\$ 157,693	\$ 118,242

(b) Accounts receivable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Not past due	\$ 2,361,863	\$ 3,814,529	\$ 2,902,518
Up to 90 days	606,478	546,196	516,448
91 to 180 days	317,050	218,135	311,967
181 to 365 days	300,851	246,853	208,101
Over 365 days	942,384	815,346	726,710
	<u>\$ 4,528,626</u>	<u>\$ 5,641,059</u>	<u>\$ 4,665,744</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$74,781, \$157,693 and \$118,242, respectively. As of March 31, 2020, December 31, 2019 and March 31, 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable (including related parties) was \$3,882,099, \$5,035,212, and \$4,087,982 respectively.

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

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

(4) Inventories

	March 31, 2020		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 472,193	(\$ 33,614)	\$ 438,579
Merchandise inventory	761,121	(27,820)	733,301
Raw materials	808,010	(37,442)	770,568
Supplies	46,275	(3,270)	43,005
Work in process	1,307,818	(17,968)	1,289,850
Semi-finished goods and finished goods	157,502	(39,934)	117,568
Total	<u>\$ 3,552,919</u>	<u>(\$ 160,048)</u>	<u>\$ 3,392,871</u>

	December 31, 2019		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 542,663	(\$ 34,709)	\$ 507,954
Merchandise inventory	569,064	(14,971)	554,093
Raw materials	750,329	(33,630)	716,699
Supplies	40,437	(2,694)	37,743
Work in process	1,145,266	(14,894)	1,130,372
Semi-finished goods and finished goods	196,272	(29,062)	167,210
Total	<u>\$ 3,244,031</u>	<u>(\$ 129,960)</u>	<u>\$ 3,114,071</u>

	March 31, 2019		
	Cost	Allowance for valuation loss and loss on obsolete and slow-moving inventories	Book value
Materials	\$ 714,363	(\$ 36,277)	\$ 678,086
Merchandise inventory	646,146	(82,443)	563,703
Raw materials	813,423	(32,106)	781,317
Supplies	44,251	(3,016)	41,235
Work in process	1,389,427	(26,889)	1,362,538
Semi-finished goods and finished goods	298,099	(25,181)	272,918
Total	<u>\$ 3,905,709</u>	<u>(\$ 205,912)</u>	<u>\$ 3,699,797</u>

A. Relevant expenses of inventories recognized as operating costs for the three months ended March 31, 2020 and 2019 are as follows:

	Three months ended March 31,	
	2020	2019
Cost of sales	\$ 2,341,755	\$ 2,125,170
Construction cost	2,162,624	2,852,734
Other operating cost	253,585	267,765
Loss on market value decline and obsolete and slow-moving inventories	31,428	1,770
Total	<u>\$ 4,789,392</u>	<u>\$ 5,247,439</u>

B. The Group has no inventories pledged to others.

(5) Prepayments

	March 31, 2020	December 31, 2019	March 31, 2019
Prepayment for purchases	\$ 439,306	\$ 278,213	\$ 318,728
Others	90,519	82,958	90,780
Total	<u>\$ 529,825</u>	<u>\$ 361,171</u>	<u>\$ 409,508</u>

(6) Investments accounted for using equity method

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

	<u>March 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Carrying amount</u>	<u>% interest held</u>	<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.	\$ 64,129	29.24%	\$ 63,804	29.24%
Vertex System Corporation	19,998	38.83%	-	-
Fortune Blessing Co., Limited	13,281	27.78%	13,512	27.78%
MIC Techno Co., Ltd.	1,830	20%	1,834	20%
Smart Health Corp.	1,484	42.86%	1,490	42.86%
Leader Fortune Enterprise Co., Ltd.	(4,754)	31.43%	(4,462)	31.43%
	<u>95,968</u>		<u>76,178</u>	
Add: Credit of long-term equity investment transferred to 'other non-current liabilities'	<u>4,754</u>		<u>4,462</u>	
Total	<u>\$ 100,722</u>		<u>\$ 80,640</u>	
Prepayments to long-term investments (listed as 'other non-current assets')				
Unlisted stocks	<u>\$ 30,225</u>		<u>\$ -</u>	

	<u>March 31, 2019</u>	
	<u>Carrying amount</u>	<u>% interest held</u>
Glory Technology Service Inc.	\$ 62,412	29.24%
MIC Techno Co., Ltd.	1,838	20%
Leader Fortune Enterprise Co., Ltd.	(4,389)	31.43%
	<u>59,861</u>	
Add: Credit of long-term equity investment transferred to 'other non-current liabilities'	<u>4,389</u>	
Total	<u>\$ 64,250</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 March 31,</u>	
	<u>2020</u>	<u>2019</u>
(Loss) profit for the period from continuing operations	(\$ 796)	\$ 5,285
Other comprehensive income (loss) - net of tax	<u>109</u>	(492)
Total comprehensive (loss) income	<u>(\$ 687)</u>	<u>\$ 4,793</u>

C. The investment accounted for using equity method for the three months ended March 31, 2020 and 2019 were evaluated based on the financial statements of the entity which were not reviewed by independent accountants. The investment accounted for using equity method for the year ended December 31, 2019 was evaluated based on the financial statements of the entity which were audited by independent accountants.

(7) Property, plant and equipment

	2020					
	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1</u>						
Cost	\$ 183,542	\$ 2,789,288	\$ 623,216	\$ 240,160	\$ 31,075	\$ 3,867,281
Accumulated depreciation	-	(1,015,124)	(460,227)	(164,785)	(15,470)	(1,655,606)
Book value	<u>\$ 183,542</u>	<u>\$ 1,774,164</u>	<u>\$ 162,989</u>	<u>\$ 75,375</u>	<u>\$ 15,605</u>	<u>\$ 2,211,675</u>
<u>Three months ended March 31</u>						
Opening net book amount	\$ 183,542	\$ 1,774,164	\$ 162,989	\$ 75,375	\$ 15,605	\$ 2,211,675
Additions	-	1,468	12,037	3,761	1,281	18,547
Disposals	-	-	-	(29)	(64)	(93)
Depreciation	-	(30,205)	(10,351)	(7,644)	(625)	(48,825)
Net exchange differences	-	20,872	(250)	55	268	20,945
Closing net book amount	<u>\$ 183,542</u>	<u>\$ 1,766,299</u>	<u>\$ 164,425</u>	<u>\$ 71,518</u>	<u>\$ 16,465</u>	<u>\$ 2,202,249</u>
<u>At March 31</u>						
Cost	\$ 183,542	\$ 2,812,016	\$ 632,376	\$ 241,614	\$ 31,842	\$ 3,901,390
Accumulated depreciation	-	(1,045,717)	(467,951)	(170,096)	(15,377)	(1,699,141)
Book value	<u>\$ 183,542</u>	<u>\$ 1,766,299</u>	<u>\$ 164,425</u>	<u>\$ 71,518</u>	<u>\$ 16,465</u>	<u>\$ 2,202,249</u>

2019

	Land	Buildings	Machinery and equipment	Office equipment	Others	Total
<u>At January 1</u>						
Cost	\$ 205,438	\$ 2,389,961	\$ 636,198	\$ 227,223	\$ 326,017	\$ 3,784,837
Accumulated depreciation	-	(913,855)	(474,127)	(148,881)	(16,041)	(1,552,904)
Book value	<u>\$ 205,438</u>	<u>\$ 1,476,106</u>	<u>\$ 162,071</u>	<u>\$ 78,342</u>	<u>\$ 309,976</u>	<u>\$ 2,231,933</u>
<u>Three months ended March 31</u>						
Opening net book amount	\$ 205,438	\$ 1,476,106	\$ 162,071	\$ 78,342	\$ 309,976	\$ 2,231,933
Additions	-	8,808	12,282	9,338	22,417	52,845
Disposals	-	-	(10,981)	(500)	-	(11,481)
Depreciation	-	(21,603)	(8,757)	(7,274)	(632)	(38,266)
Net exchange differences	-	2,757	985	415	7,609	11,766
Closing net book amount	<u>\$ 205,438</u>	<u>\$ 1,466,068</u>	<u>\$ 155,600</u>	<u>\$ 80,321</u>	<u>\$ 339,370</u>	<u>\$ 2,246,797</u>
<u>At March 31</u>						
Cost	\$ 205,438	\$ 2,406,037	\$ 629,657	\$ 232,849	\$ 356,164	\$ 3,830,145
Accumulated depreciation	-	(939,969)	(474,057)	(152,528)	(16,794)	(1,583,348)
Book value	<u>\$ 205,438</u>	<u>\$ 1,466,068</u>	<u>\$ 155,600</u>	<u>\$ 80,321</u>	<u>\$ 339,370</u>	<u>\$ 2,246,797</u>

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

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

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

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, machinery and equipment, office equipment, and other equipment. Rental contracts are typically made for periods of 1 to 75 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise buildings, machinery and equipment, office equipment, and other equipment. Consequently, those leases are not included in the right-of-use assets.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 769,598	\$ 700,270	\$ 717,625
Buildings	197,866	209,363	260,127
Machinery and equipment	-	-	10
Office equipment	370	54	696
Other equipment	61,244	61,381	59,362
	<u>\$ 1,029,078</u>	<u>\$ 971,068</u>	<u>\$ 1,037,820</u>

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 5,218	\$ 6,342
Buildings	14,429	28,557
Machinery and equipment	-	110
Office equipment	51	185
Other equipment	7,267	10,576
	<u>\$ 26,965</u>	<u>\$ 45,770</u>

- D. For the three months ended March 31, 2020 and 2019, the additions to right-of-use assets were \$84,327 and \$50,081, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,214	\$ 5,178
Expense on short-term lease contracts	18,484	-
	<u>\$ 22,698</u>	<u>\$ 5,178</u>

F. For the three months ended March 31, 2020 and 2019, the Group's total cash outflow for leases were \$43,143 and \$27,733, respectively.

G. Extension options

(a) Extension options are included in approximately 50% of the Group's lease contracts pertaining to land. These options are expected to be exercised for maximizing optional flexibility in terms of managing contracts.

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

(9) Short-term borrowings

	<u>March 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	\$ 3,337,146	0.88%~4.785%	None
Mortgage loan	<u>48,829</u>	2.87%~3.518%	Buildings
	<u>\$ 3,385,975</u>		
	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	\$ 3,001,620	0.88%~4.785%	None
Mortgage loan	<u>46,788</u>	3.51506%~3.584%	Buildings
	<u>\$ 3,048,408</u>		
	<u>March 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
<u>Bank borrowings</u>			
Credit borrowings	\$ 2,872,853	0.88%~5.4971%	None
Mortgage loan	<u>25,025</u>	3.57258%~3.57608%	Buildings
	<u>\$ 2,897,878</u>		

Details of mortgage loan are provided in Note 8.

(10) Other payables

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Salaries and bonus payable	\$ 161,785	\$ 331,370	\$ 169,618
Accrued employees' compensation and directors' and supervisors' remuneration	144,767	108,544	147,149
Others	<u>56,264</u>	<u>69,677</u>	<u>59,282</u>
Total	<u>\$ 362,816</u>	<u>\$ 509,591</u>	<u>\$ 376,049</u>

(11) Bonds payable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Bonds payable	\$ -	\$ -	\$ 10,900
Less: Discount on bonds payable	-	-	(76)
	-	-	10,824
Less: Long-term liabilities, current portion	-	-	(10,824)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>March 31, 2020</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from March 27, 2020 to June 26, 2021; interest is payable monthly; principal is payable at maturity date	0.978%	None	<u>\$ 200,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from December 27, 2019 to March 26, 2021; interest is payable monthly; principal is payable at maturity date	0.978%	None	<u>\$ 200,000</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>March 31, 2019</u>
Long-term bank borrowings				
Credit borrowings	Borrowing period is from March 27, 2019 to March 27, 2020; interest is payable monthly; principal is payable at maturity date	0.985%	None	<u>\$ 200,000</u>

(13) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognized pension costs of \$564 and \$669 for the three months ended March 31, 2020 and 2019, respectively.
- (c) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amounts to \$5,081.
- B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company 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 plan of the Group for the three months ended March 31, 2020 and 2019 were \$15,693 and \$23,927, respectively.

(14) Share-based payment

A. For the three months ended March 31, 2020 and 2019, the Company's share-based payment arrangements were as follows:

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

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

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

(a)The Company

	<u>Three months ended March 31,</u>			
	<u>2020</u>		<u>2019</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	548	\$ 15.70	1,325	\$ 16.70
Options exercised	(236)	15.70	(60)	16.70
Options forfeited	-	-	-	-
Options outstanding at end of the period	<u>312</u>	15.70	<u>1,265</u>	16.70
Options exercisable at end of the period	<u>312</u>		<u>83</u>	
Options approved but not yet issued at end of the period	<u>44</u>		<u>44</u>	

(b)Subsidiary-ADAT

	Three months ended March 31,			
	2020		2019	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at beginning of the period	549	\$ 10.00	-	\$ -
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options outstanding at end of the period	<u>549</u>	10.00	<u>-</u>	-
Options exercisable at end of the period	<u>24</u>		<u>-</u>	
Options approved but not yet issued at end of the period	<u>204</u>		<u>-</u>	

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

Issuing Company	Issue date approved	Expiry date	March 31, 2020	
			No. of shares (in thousands)	Exercise price (in dollars)
The Company	2015.9.11	2021.9.10	312	\$ 15.70
Subsidiary-ADAT	2019.4.1	2025.3.31	320	10.00
"	2019.9.1	2025.8.31	229	10.00

Issuing Company	Issue date approved	Expiry date	December 31, 2019	
			No. of shares (in thousands)	Exercise price (in dollars)
The Company	2015.9.11	2021.9.10	548	\$ 15.70
Subsidiary-ADAT	2019.4.1	2025.3.31	320	10.00
"	2019.9.1	2025.8.31	229	10.00

Issuing Company	Issue date approved	Expiry date	March 31, 2019	
			No. of shares (in thousands)	Exercise price (in dollars)
The Company	2015.9.11	2021.9.10	1,265	\$ 16.70

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

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

E. Expenses incurred on share-based payment transactions are \$0 and \$251 for the three months ended March 31, 2020 and 2019, respectively.

F. The expenses incurred by the subsidiary - ADAT on share-based payment transactions amounted to \$260 for the three months ended March 31, 2020.

(15) Share capital

A. As of March 31, 2020, 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 \$1,870,757 with a par value of \$10 (in dollars) per share amounting to 187,075,700 shares. All proceeds from shares issued have been collected.

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

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
At January 1	186,839,950	185,591,264
Conversion of convertible bonds	-	38,910
Exercise of employee stock options	235,750	60,250
At March 31	<u>187,075,700</u>	<u>185,690,424</u>

(16) Capital surplus

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

Details of movements in capital surplus are as follows:

	2020				
	Share premium	Employee stock options	Others	Total	
At January 1	\$ 976,688	\$ 3,801	\$ 2,393	\$ 982,882	
Exercise of employee stock options	2,821	(1,477)	-	1,344	
Changes in ownership interest in subsidiaries	-	-	11,013	11,013	
At March 31	<u>\$ 979,509</u>	<u>\$ 2,324</u>	<u>\$ 13,406</u>	<u>\$ 995,239</u>	
	2019				
	Share premium	Employee stock options	Stock options	Others	Total
At January 1	\$ 959,959	\$ 7,568	\$ 503	\$ 2,351	\$ 970,381
Exercise of employee stock options	769	(365)	-	-	404
Compensation cost of employee stock options	-	251	-	-	251
Conversion of convertible bonds	642	-	(42)	-	600
At March 31	<u>\$ 961,370</u>	<u>\$ 7,454</u>	<u>\$ 461</u>	<u>\$ 2,351</u>	<u>\$ 971,636</u>

(17) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve. The remaining amount along with the prior years' unappropriated earnings are resolved by the Board of Directors and proposed to the stockholders for appropriation or reserve.
- B. The Company's dividend policy is summarized below: in consideration of the overall environment development and industrial growth, fulfilling future operation development needs as priority and optimizing financial structure, distribution of stock dividends shall not exceed 50% of the dividend distributed.

- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Financial-Supervisory-Securities-Firms No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. Details of 2019 earnings appropriation proposed by the Board of Directors on March 5, 2020 and 2018 earnings appropriation resolved by the shareholders on May 30, 2019 are as follows:

	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 70,301	\$ -	\$ 79,258	\$ -
Special reserve	78,008	-	-	-
Cash dividends	485,784	2.6	556,774	3.0
Total	\$ 634,093		\$ 636,032	

The earnings appropriation for the year ended December 31, 2018 listed above had no difference from that proposed by the Board of Directors on March 5, 2019. The earnings appropriation for the year ended December 31, 2019 has not yet been approved by the shareholders, therefore, no dividends payable were included in the current consolidated financial statements.

Information about the earnings distribution of 2019 and 2018 as approved by the Board of Directors and resolved by the shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

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

(18) Operating revenue

	Three months ended March 31,	
	2020	2019
Sales contract revenue	\$ 2,677,662	\$ 2,388,029
Construction contract revenue	2,363,681	2,925,216
Other contract revenue	456,976	439,813
Total	<u>\$ 5,498,319</u>	<u>\$ 5,753,058</u>

A. Disaggregation of revenue from contracts with customers

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

	Three months ended March 31,	
	2020	2019
R&D and manufacturing of customized equipment	\$ 1,653,877	\$ 1,727,396
Total Facility Engineering Turnkey Project	1,021,142	1,579,108
Sales and service of high-tech equipment and materials	1,623,775	1,301,200
Automatic supplying system	1,199,525	1,145,354
Total	<u>\$ 5,498,319</u>	<u>\$ 5,753,058</u>
Timing of revenue recognition		
At a point in time	\$ 2,854,329	\$ 2,535,104
Over time	2,643,990	3,217,954
Total	<u>\$ 5,498,319</u>	<u>\$ 5,753,058</u>

B. Contract assets and liabilities

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	<u>January 1, 2019</u>
Contract assets:				
Contract assets				
– construction contracts	<u>\$ 4,589,823</u>	<u>\$ 4,095,623</u>	<u>\$ 4,520,457</u>	<u>\$ 4,229,541</u>
Contract liabilities:				
Contract liabilities	\$ 2,307,965	\$ 2,440,230	\$ 2,210,066	\$ 2,202,925
– construction contracts				
Contract liabilities				
– sales contracts	1,014,204	1,029,742	1,311,322	1,088,219
Contract liabilities				
– service contracts	<u>31,160</u>	<u>25,557</u>	<u>32,910</u>	<u>29,322</u>
	<u>\$ 3,353,329</u>	<u>\$ 3,495,529</u>	<u>\$ 3,554,298</u>	<u>\$ 3,320,466</u>

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

	Three months ended March 31,	
	2020	2019
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Construction contracts	\$ 625,667	\$ 744,043
Sales contracts	175,476	72,018
Service contracts	24,614	8,548
	<u>\$ 825,757</u>	<u>\$ 824,609</u>

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

(19) Other gains and losses

	Three months ended March 31,	
	2020	2019
Net (losses) gains on financial assets at fair value through profit or loss	(\$ 11,294)	\$ 49,164
Foreign exchange gains	26,976	9,502
Other (losses) gains	(492)	237
Total	<u>\$ 15,190</u>	<u>\$ 58,903</u>

(20) Employee benefit expense, depreciation and amortisation

A. Employee benefit expense, depreciation and amortisation

	Three months ended March 31, 2020		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 187,599	\$ 253,106	\$ 440,705
Compensation cost of employee stock options	-	260	260
Labour and health insurance fees	14,539	13,782	28,321
Pension costs	7,807	8,450	16,257
Other employee benefit expense	5,629	6,397	12,026
Depreciation	45,709	30,081	75,790
Amortisation	2,173	2,016	4,189

	Three months ended March 31, 2019		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 177,753	\$ 230,151	\$ 407,904
Compensation cost of employee stock options	-	251	251
Labour and health insurance fees	17,716	17,797	35,513
Pension costs	12,388	12,208	24,596
Other employee benefit expense	5,911	6,831	12,742
Depreciation	56,456	27,580	84,036
Amortisation	1,910	2,216	4,126

B. Employees' compensation and directors' remuneration

- (a) According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall not be higher than 3% for directors' remuneration and shall be 1~15% for employees' compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.
- (b) For the three months ended March 31, 2020 and 2019, employees' compensation and directors' remuneration are accrued as follows:

	Three months ended March 31,	
	2020	2019
Employees' compensation	\$ 32,930	\$ 22,762
Directors' remuneration	3,293	2,276
	<u>\$ 36,223</u>	<u>\$ 25,038</u>

For the three months ended March 31, 2020, employees' compensation and directors' remuneration were estimated and accrued based on 10% and 1% of distributable profit of current year as of the end of reporting period, respectively.

The employees' compensation and directors' remuneration for 2019 resolved by the Board of Directors on March 5, 2020 were \$98,676 and \$9,868, respectively, and were in agreement with those amounts recognised in the 2019 financial statements.

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

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31,	
	2020	2019
Current tax		
Current tax on profits for the period	\$ 63,351	\$ 47,600
Adjustments in respect of prior period	-	855
Total current tax	63,351	48,455
Deferred tax		
Origination and reversal of temporary differences	1,085	5,221
Income tax expense	<u>\$ 64,436</u>	<u>\$ 53,676</u>

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

	Three months ended March 31,	
	2020	2019
Currency translation differences of foreign operations	<u>(\$ 2,038)</u>	<u>(\$ 6,645)</u>

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

	Assessment
The Company	Through 2017
eZoom Information, Inc.	Through 2018
ADAT Technology CO., LTD.	"

(22) Earnings per share

	Three months ended March 31, 2020		
	<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	\$ 231,706	186,923	<u>\$ 1.24</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee stock option	-	232	
Employees' compensation	-	1,527	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 231,706</u>	<u>188,682</u>	<u>\$ 1.23</u>

	Three months ended March 31, 2019		
	<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	\$ 150,934	185,649	<u>\$ 0.81</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Convertible bonds	38	430	
Employee stock option	-	787	
Employees' compensation	-	1,495	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 150,972</u>	<u>188,361</u>	<u>\$ 0.80</u>

(23) Supplemental cash flow information

Financing activities with no cash flow effects

	Three months ended March 31,	
	2020	2019
Convertible bonds being converted to capital stocks	\$ -	\$ 989

(24) Changes in liabilities from financing activities

	2020			
	Lease liabilities	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ 941,324	\$ 3,048,408	\$ 200,000	\$ 4,189,732
Changes in cash flow from financing activities	(20,445)	348,978	-	328,533
Impact of changes in foreign exchange rate	(807)	(11,411)	-	(12,218)
Changes in other non-cash items	83,716	-	-	83,716
At March 31	<u>\$ 1,003,788</u>	<u>\$ 3,385,975</u>	<u>\$ 200,000</u>	<u>\$ 4,589,763</u>
	2019			
	Lease liabilities	Short-term borrowings	Long-term borrowings	Liabilities from financing activities-gross
At January 1	\$ 1,008,742	\$ 2,635,425	\$ 200,000	\$ 3,844,167
Changes in cash flow from financing activities	(22,555)	237,598	-	215,043
Impact of changes in foreign exchange rate	2,895	24,855	-	27,750
Changes in other non-cash items	28,314	-	-	28,314
At March 31	<u>\$ 1,017,396</u>	<u>\$ 2,897,878</u>	<u>\$ 200,000</u>	<u>\$ 4,115,274</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent company

The Company is controlled by Ennoconn International Investment Co., Ltd. (registered in the Republic of China), which owns 44.62% of the shares of the Company. The remaining 55.38% of the shares of the Company are held by the general public. The ultimate parent company of the Company is Ennoconn Corporation (registered in the Republic of China).

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
FIH Precision Componet (Beijing) Co., Ltd.	Other related party
Chung-Hsin Precision Machinery Co., Ltd.	"
Hon Hai Precision Industry Co., Ltd.	"
Chung-Hsin Electric & Machinery Mfg. Corp.	"
Hong Kong Ennpower Information Technology Co., Limited	"
MIC Techno Co., Ltd.	Associate
Glory Technology Service Inc.	"
Fortune International Corporation	"
Macrotec Technology Corp.	Entity controlled by key management or entity with significant influence
Forward Science Corp.	"
Shenzhen Hyper Power Information Technology Co., Ltd. (Note)	"
WT Microelectronics Co., Ltd.	"
Ennoconn Corporation	The ultimate parent company

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

(3) Significant related party transactions and balances

A. Sales of goods and services

(a) Sales of goods

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Other Related Parties	<u>\$ 12</u>	<u>\$ -</u>

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

(b) Construction contract revenue

	Three months ended March 31,	
	2020	2019
Entities controlled by key management or entities with significant influence	\$ 2,501	\$ 111
Other related parties	<u>1</u>	<u>238,872</u>
Total	<u>\$ 2,502</u>	<u>\$ 238,983</u>

- i. Construction contract revenue from related parties and non-related parties are collected based on the general construction contract or general agreement. In addition, construction contracts entered into with related parties are based on the price lists in force and terms that would be available to third parties while collection for construction are about 2 to 3 months after inspection of construction depending on the construction contracts or individual agreements.
- ii. As of March 31, 2020, December 31, 2019 and March 31, 2019, contract price and priced contract of unfinished construction are as follows:

	March 31, 2020		December 31, 2019	
	Total contract price (before tax)	Priced contract	Total contract price (before tax)	Priced contract
Other related parties	\$ 471,635	\$ 453,147	\$ 472,068	\$ 453,351
Associates	19,516	10,316	19,516	10,316
Entities controlled by key management or entities with significant influence	<u>400,766</u>	<u>161,149</u>	<u>415,672</u>	<u>162,711</u>
Total	<u>\$ 891,917</u>	<u>\$ 624,612</u>	<u>\$ 907,256</u>	<u>\$ 626,378</u>

	March 31, 2019	
	Total contract price (before tax)	Priced contract
Other related parties	\$ 929,442	\$ 171,545
Associates	19,516	10,316
Entities controlled by key management or entities with significant influence	<u>4,500</u>	<u>1,800</u>
Total	<u>\$ 953,458</u>	<u>\$ 183,661</u>

(c) Other contract revenue

	Three months ended March 31,	
	2020	2019
Associates	\$ 439	\$ -
Entities controlled by key management or entities with significant influence	120	-
Total	<u>\$ 559</u>	<u>\$ -</u>

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

B. Acquisition of goods and services

(a) Purchase of goods

	Three months ended March 31,	
	2020	2019
Entities controlled by key management or entities with significant influence	\$ 341	\$ 692
Other related parties	-	6,629
Total	<u>\$ 341</u>	<u>\$ 7,321</u>

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

(b) Construction contract costs

	Three months ended March 31,	
	2020	2019
Other related parties	\$ 125	\$ -
Entities controlled by key management or entities with significant influence	-	3,184
Total	<u>\$ 125</u>	<u>\$ 3,184</u>

The outsourcing construction contract 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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Other related parties	\$ 123,005	\$ 132,582	\$ 84,991
Entities controlled by key management or entities with significant influence	49,479	96,936	-
The ultimate parent company	<u>753</u>	<u>59</u>	<u>-</u>
Subtotal	173,237	229,577	84,991
Less: loss allowance	(2)	(2)	(1)
Total	<u>\$ 173,235</u>	<u>\$ 229,575</u>	<u>\$ 84,990</u>

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

D. Payables to related parties

Notes payable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Entities controlled by key management or entities with significant influence	\$ 538	\$ 3,272	\$ 1,891
Other related parties	<u>35</u>	<u>-</u>	<u>2,748</u>
Total	<u>\$ 573</u>	<u>\$ 3,272</u>	<u>\$ 4,639</u>

Accounts payable

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Entities controlled by key management or entities with significant influence	\$ 2,012	\$ 5,637	\$ 2,996
Other related parties	<u>2,546</u>	<u>2,463</u>	<u>6,931</u>
Total	<u>\$ 4,558</u>	<u>\$ 8,100</u>	<u>\$ 9,927</u>

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

E. Property transactions

For the three months ended March 31, 2020 and 2019, the Group has acquired computer equipment and related software from entities controlled by key management and the acquisition price was \$1,501 and \$1,796 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

(4) Key management compensation

	<u>Three months ended March 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	<u>\$ 29,375</u>	<u>\$ 29,161</u>

8. PLEDGED ASSETS

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

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>	
Restricted time deposits (recorded as 'other current assets')	\$ 45,722	\$ 46,677	\$ 1,602	Performance guarantee, and other guarantee
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	149,572	124,198	74,384	Bid bond, and performance guarantee
Buildings and structures (recorded as 'property, plant and equipment')	13,068	13,821	14,444	Guarantee for bank's borrowing facility
	<u>\$ 208,362</u>	<u>\$ 184,696</u>	<u>\$ 90,430</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT
COMMITMENTS

Commitments

As of March 31, 2020, the notes and letters of guarantee used for construction performance and custom security amounted to \$2,007,132.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements as of and for the year ended December 31, 2019.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
<u>Financial assets</u>			
Financial assets measured at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 592,753	\$ 590,466	\$ 502,413
Financial assets at amortised cost			
/Loans and receivables			
Cash and cash equivalents	2,652,121	2,560,943	2,095,000
Notes receivable	74,781	157,693	118,242
Accounts receivable (including related parties)	3,882,099	5,035,212	4,087,982
Other accounts receivable	21,560	10,542	33,664
Restricted time deposits (recorded as 'other current assets')	45,722	46,677	1,602
Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets')	<u>209,944</u>	<u>182,643</u>	<u>108,572</u>
	<u>\$ 7,478,980</u>	<u>\$ 8,584,176</u>	<u>\$ 6,947,475</u>
<u>Financial liabilities</u>			
Financial liabilities measured at fair value through profit or loss			
Short-term borrowings	\$ 3,385,975	\$ 3,048,408	\$ 2,897,878
Notes payable (including related parties)	973,351	954,474	1,180,424
Accounts payable (including related parties)	3,743,939	4,236,176	3,626,514
Other accounts payable	362,816	509,591	376,049
Bonds payable (including current portion)	-	-	10,824
Long-term borrowings	200,000	200,000	200,000
Guarantee deposits received (recorded as 'other non-current liabilities')	<u>88</u>	<u>91</u>	<u>78</u>
	<u>\$ 8,666,169</u>	<u>\$ 8,948,740</u>	<u>\$ 8,291,767</u>
Lease liability	<u>\$ 1,003,788</u>	<u>\$ 941,324</u>	<u>\$ 1,017,396</u>

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements as of and for the year ended December 31, 2019.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB, JPY and EUR. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, SGD, IDR, and MMK). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2020						
	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	\$ 57,748	30.225	\$ 1,745,437	1%	\$ 17,454	\$ -
USD : RMB	17,449	7.1034	527,388	1%	5,274	-
EUR : NTD	8,148	33.24	270,834	1%	2,708	-
JPY : NTD	1,136,553	0.2788	316,871	1%	3,169	-
JPY : RMB	260,402	0.0655	72,600	1%	726	-
RMB : NTD	7,611	4.2550	32,386	1%	324	-
USD : IDR	1,175	16,077	35,503	1%	355	-
USD : MMK	1,097	1,394	33,166	1%	332	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 12,579	30.225	\$ 380,205	1%	\$ 3,802	\$ -
USD : RMB	14,124	7.1034	426,909	1%	4,269	-
JPY : NTD	230,008	0.2788	64,126	1%	641	-

December 31, 2019

	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	\$ 55,732	29.98	\$ 1,670,845	1%	\$ 16,708	\$ -
USD : RMB	13,533	6.9642	405,722	1%	4,057	-
EUR : NTD	10,528	33.59	353,637	1%	3,536	-
JPY : NTD	1,172,346	0.2760	323,567	1%	3,236	-
USD : SGD	1,711	1.3456	51,295	1%	513	-
JPY : RMB	130,706	0.0641	36,075	1%	361	-
USD : IDR	1,174	13,752	35,193	1%	352	-
USD : MMK	1,030	1,480	30,866	1%	309	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 6,012	29.98	\$ 180,227	1%	\$ 1,802	\$ -
USD : RMB	11,316	6.9642	339,268	1%	3,393	-
JPY : NTD	252,538	0.2760	69,701	1%	697	-

March 31, 2019

	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 44,471	30.820	\$ 1,370,593	1%	\$ 13,706	\$ -
USD : RMB	17,757	6.7294	547,263	1%	5,473	-
EUR : NTD	6,143	34.61	212,618	1%	2,126	-
JPY : NTD	917,535	0.2783	255,350	1%	2,554	-
JPY : RMB	190,324	0.0608	52,967	1%	530	-
RMB : NTD	9,985	4.5799	45,731	1%	457	-
USD : IDR	1,184	14.138	36,484	1%	365	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	\$ 4,206	30.820	\$ 129,618	1%	\$ 1,296	\$ -
USD : RMB	25,261	60.7294	778,534	1%	7,785	-
JPY : NTD	141,217	0.2783	39,301	1%	393	-

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

Three months ended March 31, 2020			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	30.225	(\$ 3,021)
USD : RMB	1,968	7.1034	8,373
EUR : RMB	(272)	7.8120	(8,216)
EUR : IDR	2,731,153	16,077	5,135
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	(\$ 2,082)	7.1034	(\$ 8,857)
Three months ended March 31, 2019			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ -	30.820	\$ 4,079
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	(\$ 2,723)	6.7294	(\$ 12,472)

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the three months ended March 31, 2020 and 2019 would have increased/decreased by \$4,273 and \$3,869, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the three months ended March 31, 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in NTD, USD, SGD and RMB.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate of NTD, USD, SGD and RMB had increased/decreased by 1% with all other variables held constant, profit, net of tax for the three months ended March 31, 2020 and 2019 would have decreased/increased by \$28,688 and \$24,783, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of excellence are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments are past due over 30 days based on the terms, there is a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group considers the historical experience and industrial characteristics, whereby a default occurs when the sale and construction contract payments are past due over 1 to 2 years in line with credit risk management procedure.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using the provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On March 31, 2020, December 31, 2019 and March 31, 2019, the Group has no written-off financial assets that are still under recourse procedures.
- viii. The Group used the forecastability of global boom information to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties). On March 31, 2020, December 31, 2019 and March 31, 2019, the provision matrix and loss rate methodology are as follows:
- (i) Accounts receivable in relation to construction

<u>March 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.0339%	\$ 806,303	\$ 53
Up to 90 days	0%~0.2691%	424,547	644
91 to 180 days	0%~0.3458%	301,578	763
181 to 365 days	0%~0.5602%	264,263	593
1 to 2 years	0%~47.4740%	250,848	5,983
Over 2 years	100%	118,767	118,767
Total		<u>\$ 2,166,306</u>	<u>\$ 126,803</u>

<u>December 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.0034%	\$ 2,166,292	\$ 442
Up to 90 days	0%~0.0356%	445,993	103
91 to 180 days	0%~0.0418%	206,498	35
181 to 365 days	0%~0.0923%	194,239	83
1 to 2 years	0%~45.7115%	133,127	5,419
Over 2 years	100%	114,942	114,942
Total		<u>\$ 3,261,091</u>	<u>\$ 121,024</u>

<u>March 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.0034%	\$ 1,336,509	\$ 6
Up to 90 days	0%~0.0356%	299,700	55
91 to 180 days	0%~0.0418%	209,395	17
181 to 365 days	0%~0.0923%	147,639	56
1 to 2 years	0%~36.9081%	169,728	5,037
Over 2 years	100%	110,007	110,007
Total		<u>\$ 2,272,978</u>	<u>\$ 115,178</u>

(ii) Accounts receivable in relation to sales

<u>March 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.1332%	\$ 1,369,762	\$ 1,506
Up to 90 days	0%~10.6044%	178,357	4,650
91 to 180 days	0%~22.4121%	15,472	969
181 to 365 days	0%~64.9864%	32,656	8,522
Over 365 days	0%~100%	70,426	70,426
Total		<u>\$ 1,666,673</u>	<u>\$ 86,073</u>

<u>December 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.0315%	\$ 1,473,169	\$ 46
Up to 90 days	0%~0.9871%	98,499	142
91 to 180 days	0%~1.6244%	11,637	20
181 to 365 days	0%~41.1485%	34,950	1,545
Over 365 days	100%	68,767	68,767
Total		<u>\$ 1,687,022</u>	<u>\$ 70,520</u>

<u>March 31, 2019</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~0.0315%	\$ 1,230,652	\$ 39
Up to 90 days	0%~0.9871%	201,152	678
91 to 180 days	0%~0.9871%	62,622	102
181 to 365 days	0%~47.1797%	48,171	1,356
Over 365 days	100%	53,678	53,678
Total		<u>\$ 1,596,275</u>	<u>\$ 55,853</u>

(iii) Based on historical experience, the Group applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On March 31, 2020, December 31, 2019 and March 31, 2019, accounts receivable and loss allowance amounted to \$506,298 and \$433,560, \$516,216 and \$414,212, \$460,128 and \$406,640, respectively.

(iv) Due to the expected insignificant impairment, the Group applies individual assessment to evaluate expected credit loss of receivables due from construction warranties and notes receivable. On March 31, 2020, December 31, 2019 and March 31, 2019, notes and accounts receivable and loss allowance amounted to \$264,130 and \$91, \$334,423 and \$91, \$454,605 and \$91, respectively.

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

	Three months ended March 31, 2020		
	Accounts receivable	Notes receivable	Total
At January 1	\$ 605,847	\$ -	\$ 605,847
Provision for impairment	43,851	-	43,851
Effect of foreign exchange	(3,171)	-	(3,171)
At March 31	<u>\$ 646,527</u>	<u>\$ -</u>	<u>\$ 646,527</u>

	Three months ended March 31, 2019		
	Accounts receivable	Notes receivable	Total
At January 1	\$ 615,679	\$ -	\$ 615,679
Reversal of impairment	(45,481)	-	(45,481)
Write-offs	(867)	-	(867)
Effect of foreign exchange	8,431	-	8,431
At March 31	<u>\$ 577,762</u>	<u>\$ -</u>	<u>\$ 577,762</u>

For provisioned loss for the three months ended March 31, 2020 and 2019, the impairment loss (reversal) arising from customers' contracts are \$43,851 and (\$45,481), respectively.

(c) Liquidity risk

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

ii. The Group has the following undrawn borrowing facilities:

	March 31, 2020	December 31, 2019	March 31, 2019
Floating rate:			
Expiring beyond one year	\$ -	\$ -	\$ 200,000
Fixed rate:			
Expiring beyond one year	-	-	14,105
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,105</u>

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

Non-derivative financial liabilities

<u>March 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,396,731	\$ -	\$ -	\$ -
Notes payable (including related parties)	973,351	-	-	-
Accounts payable (including related parties)	3,743,939	-	-	-
Other payables	362,816	-	-	-
Long-term borrowings	1,933	200,483	-	-
Lease liability	108,951	85,432	164,882	1,000,734

Non-derivative financial liabilities

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,048,408	\$ -	\$ -	\$ -
Notes payable (including related parties)	954,474	-	-	-
Accounts payable (including related parties)	4,236,176	-	-	-
Other payables	509,591	-	-	-
Long-term borrowings	1,933	200,483	-	-
Lease liability	108,470	86,462	164,027	969,484

Non-derivative financial liabilities

<u>March 31, 2019</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,935,265	\$ -	\$ -	\$ -
Notes payable (including related parties)	1,180,424	-	-	-
Accounts payable (including related parties)	3,626,514	-	-	-
Other payables	376,049	-	-	-
Bonds payable (including current portion)	10,824	-	-	-
Long-term borrowings	1,956	200,489	-	-
Lease liability	146,525	99,759	225,654	1,046,600

(3) Fair value information

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

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

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

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

B. Financial instruments not measured at fair value

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

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

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

<u>March 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
<u>Recurring fair value</u>				
<u>measurements</u>				
Financial assets at fair value				
through profit or loss				
Equity securities	\$ 72,406	\$ -	\$ 489,642	\$ 562,048
Beneficiary certificates	-	-	6,246	6,246
Hybrid instruments	-	-	24,459	24,459
Total	<u>\$ 72,406</u>	<u>\$ -</u>	<u>\$ 520,347</u>	<u>\$ 592,753</u>

<u>December 31, 2019</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	\$ 80,045	\$ -	\$ 472,658	\$ 552,703
Beneficiary certificates	-	-	4,720	4,720
Hybrid instruments	-	-	33,043	33,043
Total	<u>\$ 80,045</u>	<u>\$ -</u>	<u>\$ 510,421</u>	<u>\$ 590,466</u>
<u>March 31, 2019</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	\$ 48,748	\$ -	\$ 418,993	\$ 467,741
Beneficiary certificates	-	-	1,629	1,629
Hybrid instruments	-	-	33,043	33,043
Total	<u>\$ 48,748</u>	<u>\$ -</u>	<u>\$ 453,665</u>	<u>\$ 502,413</u>

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

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

- D. For the three months ended March 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- E. The following chart is the movement of Level 3 for the three months ended March 31, 2020 and 2019:

	Three months ended March 31,			
	2020		2019	
	Equity instruments and beneficiary certificates	Hybrid instruments	Equity instruments and beneficiary certificates	Hybrid instruments
At January 1	\$ 477,378	\$ 33,043	\$ 379,824	\$ 23,652
Acquired in the period	1,526	12,055	16,429	12,313
Gains and losses recognized in profit or loss (Note)	16,984	(20,639)	24,369	(2,922)
Total	<u>\$ 495,888</u>	<u>\$ 24,459</u>	<u>\$ 420,622</u>	<u>\$ 33,043</u>
Movement of unrealized gain or loss in profit or loss of assets and liabilities held as at end of the period (Note)	<u>\$ 16,984</u>	<u>(\$ 20,639)</u>	<u>\$ 24,369</u>	<u>(\$ 2,922)</u>

Note: Recorded as non-operating income and expense.

- F. For the three months ended March 31, 2020 and 2019, there was no transfer into or out from Level 3.
- G. Investment strategies segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at March 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 456,364	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares	39,524	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond	24,459	Market comparable companies	Note 1	Not applicable	Note 2
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 439,381	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares	37,997	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond	33,043	Market comparable companies	Note 1	Not applicable	Note 2

	Fair value at March 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 383,668	Market comparable companies	Note 1	Not applicable	Note 2
Venture capital shares	36,954	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond	33,043	Market comparable companies	Note 1	Not applicable	Note 2

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

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

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

		March 31, 2020				
		Recognised in profit or loss		Recognised in other comprehensive income		
Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change	
Financial assets						
Equity instrument and beneficiary certificates	Stock price and fair value	± 10%	\$ 49,589	(\$ 49,589)	\$ -	\$ -

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument and beneficiary certificates	Stock price and fair value	± 10%	\$ 47,738	(\$ 47,738)	\$ -	\$ -
			March 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument	Stock price	± 10%	\$ 42,062	(\$ 42,062)	\$ -	\$ -
Convertible bond						
- call provision	Stock price	± 10%	10	-	-	-
"	Volatility	± 5%	10	-	-	-
Total			\$ 42,082	(\$ 42,062)	\$ -	\$ -

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: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

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

The Group is divided into the following 4 segments:

A. Agency for equipment materials segment: mainly engaged in semiconductor, optoelectronics and other high-tech industrial processing and trading, distribution, after-sale service and technical support of factory equipment and its materials, chemicals and parts.

B. Process system and mechatronic system service segment: mainly contracting electrical, clean room, peripheral system facilities and process, engaged in lump sum contracts, providing integrated services consisting of planning, design, construction, supervision, installation, testing, operational consulting, maintenance and repair for gas, automatic supply system of chemicals, special gas and factory monitor system. Services for general industries such as petrochemical plant, conventional industry plant, mechatronic system for intelligent buildings.

C. Customized equipment manufacturing segment: mainly engaged in research and development of customized automation equipment and process based on request of customers in semiconductor, optoelectronics and traditional industry.

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

(2) Measurement of segment information

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

(3) Segment profit information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments for the three months ended March 31, 2020 and 2019 is as follows:

Three months ended March 31, 2020					
	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	\$ 1,189,565	\$ 2,654,846	\$ 1,653,908	\$ -	\$ 5,498,319
Inter-segment revenue	25,112	35,912	5,080	1,100	67,204
Total segment revenue	<u>\$ 1,214,677</u>	<u>\$ 2,690,758</u>	<u>\$ 1,658,988</u>	<u>\$ 1,100</u>	<u>\$ 5,565,523</u>
Segment profit (loss)	<u>\$ 154,518</u>	<u>\$ 72,476</u>	<u>\$ 53,700</u>	<u>(\$ 1,160)</u>	<u>\$ 279,534</u>
Segment profit including: Depreciation and amortisation	<u>\$ 9,010</u>	<u>\$ 22,961</u>	<u>\$ 47,069</u>	<u>\$ 939</u>	<u>\$ 79,979</u>

Three months ended March 31, 2019					
	Sales and services for equipment materials segment	Facility system and mechanic & electric system service segment	Customized equipment manufacturing segment	Other segments	Total
Revenue from external customers	\$ 942,864	\$ 3,082,793	\$ 1,727,401	\$ -	\$ 5,753,058
Inter-segment revenue	14,212	38,611	3,626	1,252	57,701
Total segment revenue	<u>\$ 957,076</u>	<u>\$ 3,121,404</u>	<u>\$ 1,731,027</u>	<u>\$ 1,252</u>	<u>\$ 5,810,759</u>
Segment profit (loss)	<u>\$ 118,505</u>	<u>(\$ 24,526)</u>	<u>\$ 58,031</u>	<u>(\$ 1,110)</u>	<u>\$ 150,900</u>
Segment profit including: Depreciation and amortisation	<u>\$ 8,736</u>	<u>\$ 38,378</u>	<u>\$ 40,057</u>	<u>\$ 991</u>	<u>\$ 88,162</u>

(4) Reconciliation for segment income (loss)

Sales and services between segments are carried out at arm's length. The revenue and financial information from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax from continuing operations for the three months ended March 31, 2020 and 2019 is provided as follows:

	Three months ended March 31,	
	2020	2019
Reportable segments income	\$ 280,694	\$ 152,010
Other reportable segments loss	(1,160)	(1,110)
Total segments	279,534	150,900
Other gains and losses	25,910	72,399
Finance costs	(17,873)	(23,077)
Income before tax from continuing operations	<u>\$ 287,571</u>	<u>\$ 200,222</u>

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Loans to others

For the three months ended March 31, 2020

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 three months ended March 31, 2020 (Note 3)	Balance at March 31, 2020 (Note 8)	Actual amount drawn down	Interest rate (%)	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for bad debts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
													Item	Value			
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	Other receivables	Y	\$ 26,567	\$ 22,669	\$ 22,669	4.616	Short-term financing	\$ -	Operations	\$ -	None	-	\$ 2,421,834	\$ 2,421,834	Note 7
0	Marketech International Corp.	Marketech International Sdn. Bhd.	Other receivables	Y	20,570	20,553	-	4.616	Short-term financing	-	Operations	-	None	-	2,421,834	2,421,834	Note 7
1	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	Other receivables	Y	51,695	38,295	38,295	4.785	Short-term financing	-	Operations	-	None	-	204,918	409,836	Note 7
1	MIC-Tech Electronics Engineering Corp.	Fuzhou Jiwei System Integrated Co., Ltd.	Other receivables	Y	2,128	2,128	2,128	4.785	Short-term financing	-	Operations	-	None	-	409,836	409,836	Note 7
2	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co., Ltd.	Other receivables	Y	34,591	29,785	29,785	4.785	Short-term financing	-	Operations	-	None	-	345,246	345,246	Note 7
3	MIC-Tech Viet Nam Co., Ltd	Marketech Co., Ltd	Other receivables	Y	4,060	4,060	-	6.000	Short-term financing	-	Operations	-	None	-	21,799	21,799	Note 7

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

(1) The Company is '0'.

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the three months ended March 31, 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Provision of endorsements and guarantees to others
For the three months ended March 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 5)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2020 (Note 6)	Outstanding endorsement/ guarantee amount at March 31, 2020	Actual amount drawn down (Note 7)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 8)	Provision of endorsements/ guarantees to the party in Mainland China (Note 8)	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	2	\$ 3,027,292	\$ 17,258	\$ 17,258	\$ 6,220	\$ -	0.29%	\$ 6,054,584	Y	N	N	Note 4
0	Marketech International Corp.	eZoom Information, Inc.	2	3,027,292	60,000	60,000	7,396	-	0.99%	6,054,584	Y	N	N	Note 4
0	Marketech International Corp.	Marketech International Corporation USA	2	3,027,292	332,750	332,475	-	-	5.49%	6,054,584	Y	N	N	Note 4
0	Marketech International Corp.	Marketech International Sdn. Bhd.	2	3,027,292	239,840	120,900	18,789	-	2.00%	6,054,584	Y	N	N	Note 4
0	Marketech International Corp.	MIC-Tech (WuXi) Co., Ltd.	2	3,027,292	305,390	305,390	187,395	-	5.04%	6,054,584	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	2	3,027,292	880,995	768,393	8,207	-	12.69%	6,054,584	Y	N	Y	Note 4
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	2	3,027,292	1,696,667	1,573,904	994,883	-	26.00%	6,054,584	Y	N	Y	Note 4
0	Marketech International Corp.	Shanghai Maohua Electronics Engineering Co., Ltd.	2	3,027,292	360,716	358,755	247,754	-	5.93%	6,054,584	Y	N	Y	Note 4
0	Marketech International Corp.	Te Chang Construction Co., Ltd.	5	3,027,292	174,000	174,000	86,997	-	2.87%	6,054,584	N	N	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	Marketech International Corp.	3	1,536,885	511,679	511,256	511,256	-	99.80%	2,561,475	N	Y	N	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (WuXi) Co., Ltd.	4	1,536,885	8,319	8,319	8,319	-	1.62%	2,561,475	N	N	Y	Note 4
1	MIC-Tech Electronics Engineering Corp.	MIC-Tech (Shanghai) Corp.	4	1,536,885	103,729	34,025	34,025	-	6.64%	2,561,475	N	N	Y	Note 4
2	MIC-Tech (Shanghai) Corp.	MIC-Tech Electronics Engineering Corp.	4	1,294,674	596,060	195,520	195,520	-	45.31%	2,157,790	N	N	Y	Note 4

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

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

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

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

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

Note 4: Limit on endorsements and guarantees stated in "Regulations Governing 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.

Limit on endorsements and guarantees of the Company's mainland subsidiaries:

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

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

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

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

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

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

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

(the value of business transactions is the higher of purchase or sales)

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

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

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

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

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
For the three months ended March 31, 2020

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 March 31, 2020					
					Number of shares	Book value (Note 2)	Ownership (%)	Fair value	Collateral	Footnote
Marktech International Corp.	Ordinary shares	Lasertec Corporation	None	Financial assets measured at fair value through profit or loss - current	40,000	\$ 56,429	-	\$ 56,429	None	
"	"	Solar Applied Materials Technology Corp.	"	"	44,078	707	-	707	"	
"	"	Aerospace Industrial Development Corp.	"	"	25,925	691	-	691	"	
						<u>\$ 57,827</u>		<u>\$ 57,827</u>		
"	Ordinary shares	Taiwan Colour & Imaging Technology Corp.	None	Financial assets measured at fair value through profit or loss - non-current	1,700,000	\$ -	12.59%	\$ -	None	
"	"	Chung-Hsin Electric and Machinery Manufacturing Corp.	"	"	581,000	12,985	0.14%	12,985	"	
"	"	Ennoconn Corporation	The ultimate parent company	"	10,624	1,594	0.01%	1,594	"	
"	"	WINGS GLOBAL TECHNOLOGY INC.	None	"	750,000	7,616	18.75%	7,616	"	
"	"	Promos Technologies, Inc.	"	"	250,331	-	0.56%	-	"	
"	"	Taiwan Puritic Corp.	"	"	6,191,181	269,080	10.32%	269,080	"	
"	"	SOPOWER Technology Corp.	"	"	189,223	-	12.61%	-	"	
"	"	VEEV Interactive Pte. Ltd.	"	"	840,000	-	6.32%	-	"	
"	"	Taiwan Intelligent Fiber Optic Network Co., Ltd.	"	"	3,868,261	18,188	1.41%	18,188	"	
"	"	H&D Venture Capital Investment Corp.	Entities controlled by key management or entities with significant influence	"	294,528	2,945	6.67%	2,945	"	
"	"	Civil Tech Pte. Ltd.	None	"	336,374	-	0.58%	-	"	
"	"	ProbeLeader Co., Ltd.	Entities controlled by key management or entities with significant influence	"	966,000	9,334	3.46%	9,334	"	
"	"	Top Green Energy Technologies, Inc.	None	"	1,111,111	-	0.89%	-	"	
"	"	IP Fund Six Co., Ltd.	"	"	1,000,000	10,000	1.79%	10,000	"	
"	"	Innorich Venture Capital Corp.	"	"	1,000,000	10,000	1.87%	10,000	"	
"	"	Taiwan Foresight Co., Ltd.	"	"	380,000	4,157	2.24%	4,157	"	
"	"	Long Time Technology Corp.	"	"	346,000	6,861	0.29%	6,861	"	
"	"	Paradigm Venture Capital Corp.	"	"	90,187	902	3.50%	902	"	
"	"	Taiwan Special Chemicals Corp.	"	"	4,401,333	65,013	1.51%	65,013	"	
"	"	Atech Totalsolution Co., Ltd.	"	"	128,000	-	0.23%	-	"	
"	"	East Wind Life Science Systems	"	"	124,457	-	12.87%	-	"	
"	"	EcoLand Corp.	"	"	310,715	-	13.51%	-	"	
"	"	Kcashin Technology Corporation	"	"	642,500	1,842	19.01%	1,842	"	
"	"	Radisen Co. Ltd.	"	"	87,803	3,408	19.36%	3,408	"	
"	"	Foresight Energy Technologies Co., Ltd.	"	"	1,350,000	2,364	4.09%	2,364	"	
"	"	Myeropore Corporation, Ltd.	"	"	971,000	7,408	5.81%	7,408	"	
"	"	STEK CO., LTD.	"	"	333,000	23,310	6.34%	23,310	"	
"	"	Sum Capital Healthcare Investment Corp.	Entities controlled by key management or entities with significant influence	"	943,050	9,431	7.44%	9,431	"	
"	"	Intellicares co., Ltd	"	"	200,000	-	19.99%	-	"	
"	"	Forward Science Corp.	"	"	2,000,000	13,694	10.00%	13,694	"	
"	Convertible bonds	HALLY'S CORPORATION	None	"	-	91	-	91	"	
"	"	Radisen Co. Ltd.	"	"	-	24,368	-	24,368	"	
"	"	Nitride Solutions Inc.	"	"	-	-	-	-	"	
"	Preferred stock	Adant Technologies Inc.	"	"	174,520	-	Note3	-	"	
"	"	Kinestral Technologies, Inc.	"	"	501,532	24,089	"	24,089	"	
"	Beneficiary certificates	Vertex Growth (SG) LP	"	"	-	6,246	-	6,246	"	
MIC-Tech (Shanghai) Corp. Ltd.	Ordinary shares	MIC-Tech (Beijing) Environment Co.	Entities controlled by key management or entities with significant influence	"	-	-	19.00%	-	"	
		Total				<u>\$ 534,926</u>		<u>\$ 534,926</u>		

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

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

Note 3: Holding preferred stock.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
 Receivables from related parties reaching NTS\$100 million or 20% of paid-in capital or more
 March 31, 2020

Table 4 Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Marketech International Corp.	Hong Kong Ennpower Information Technology Co., Limited	Other related parties	\$ 122,992	Note 2	\$ -	-	\$ -	2

Note 1 : Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....
 Note 2 : Receivables were generated from construction, thus, it's not applicable.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the three months ended March 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Marketech International Corp.	MIC-Tech (Shanghai) Corp.	1	Sales revenue	\$ 8,295	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.	0.15%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Accounts receivable	22,415		0.11%
0	Marketech International Corp.	MIC-Tech Electronics Engineering Corp.	1	Other receivables	5,871		0.03%
0	Marketech International Corp.	Marketech Integrated Pte. Ltd.	1	Other receivables	22,731		0.12%
1	eZoom Information, Inc.	Marketech International Corp.	2	Notes receivable	9,056		0.05%
1	eZoom Information, Inc.	Marketech International Corp.	2	Services revenue	13,997		0.25%
2	Marketech Integrated Pte. Ltd.	Marketech International Corp.	2	Prepayment for purchases	37,604		0.19%
3	MIC-Tech Global Corp.	Marketech International Corp.	2	Sales revenue	15,190		0.28%
4	MIC-Tech Electronics Engineering Corp.	Shanghai Maohua Electronics Engineering Co.,Ltd.	3	Other receivables	38,295		0.19%
5	Shanghai Maohua Electronics Engineering Co.,Ltd.	MIC-Tech Electronics Engineering Corp.	3	Construction revenue	12,890		0.23%
6	MIC-Tech (Shanghai) Corp.	MIC-Tech China Trading (Shanghai) Co. Ltd.	3	Other receivables	29,785	0.15%	

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. Additionally, if it is disclosed as assets and revenue, its opposite transactions will not be disclosed.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investees

For the three months ended March 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount (Note2)		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 1)	Footnote
				Balance as at March 31, 2020	Balance as at March 31, 2019	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	Marketech Integrated Pte. Ltd.	Singapore	Contracting for semiconductor automatic supply system	\$ 215,087	\$ 215,087	9,235,678	100	(\$ 53,479)	(\$ 3,976)	(\$ 3,976)	The Company's subsidiary
Marketech International Corp.	Market Go Profits Ltd.	Virgin Islands	Investment holding and reinvestment	1,328,547	1,298,124	41,069,104	100	1,272,758	44,520	44,520	The Company's subsidiary
Marketech International Corp.	MIC-Tech Global Corp.	South Korea	International trade	19,147	19,147	131,560	100	5,087	(1,072)	(1,072)	The Company's subsidiary
Marketech International Corp.	Headquarter International Ltd.	Virgin Islands	Investment holding and reinvestment	42,475	42,475	1,289,367	100	37,775	(199)	(199)	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	36,832	(91)	(91)	The Company's subsidiary
Marketech International Corp.	Marketech Engineering Pte. Ltd.	Singapore	Contracting for electrical installing construction	21,804	20,902	937,533	100	6,689	(2,375)	(2,375)	The Company's subsidiary
Marketech International Corp.	Marketech Integrated Manufacturing Company Limited	Myanmar	Design, manufacturing, installation of automatic production equipment and its parts	478,985	478,985	1,535,600	100	391,779	(9,003)	(9,003)	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; consulting service and software execution service associated with computer hardware installation	39,345	39,345	-	100	27,249	(109)	(109)	The Company's subsidiary
Marketech International Corp.	Marketech Co., Ltd.	Vietnam	Specialized contracting and related repair services; equipment sales and repair; sales of cosmetics and daily necessities; production, development and implementation of software and providing coding service; providing installation service of industrial machine and equipment	45,246	45,246	-	100	1,460	(1,866)	(1,866)	The Company's subsidiary
Marketech International Corp.	eZoom Information, Inc.	Taiwan	Research, trading and consulting of information system software and hardware appliance	195,737	195,737	20,000,000	100	120,166	(952)	(952)	The Company's subsidiary
Marketech International Corp.	Marketech International Sdn.Bhd.	Malaysia	Specialized contracting and related repair services	82,241	82,241	12,242,750	100	57,881	(1,855)	(1,855)	The Company's subsidiary
Marketech International Corp.	Marketech International Corporation USA	USA	Specialized contracting and related repair services	22,485	22,485	750,000	100	14,298	(2,710)	(2,710)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount (Note2)		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three months ended March 31, 2020	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 1)	Footnote
				Balance as at March 31, 2020	Balance as at March 31, 2019	Number of shares	Ownership (%)	Book value			
Marketech International Corp.	ADAT Technology CO., LTD.	Taiwan	The research, development, application, and service of software; supply of electronic information and the buying and selling of equipment	\$ 20,000	\$ 20,000	\$ 2,000,000	20.94	\$ 10,664	(\$ 7,676)	(\$ 1,951)	The Company's subsidiary
Marketech International Corp.	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	38,042	38,042	1,199,000	99.92	35,601	5,860	5,860	The Company's subsidiary
Marketech International Corp.	Marketech Netherlands B.V	Netherlands	International trade business of machine and components and technical service	21,070	21,070	600,000	100	7,088	(1,927)	(1,927)	The Company's subsidiary
Marketech International Corp.	Glory Technology Service Inc..	Taiwan	Sale and installation of information and communication equipment	42,714	42,714	5,510,305	29.24	64,129	1,114	326	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	1,830	(18)	(4)	The Company's investee accounted for using equity method
Marketech International Corp.	Smart Health Corp.	Taiwan	Smart medical consulting services and investment	1,500	1,500	150,000	42.86	1,484	(13)	(6)	The Company's investee accounted for using equity method
Marketech International Corp.	Vertex System Corporation	Taiwan	Design and manufacture of RF booster; Management of IoT; 5G telecommunication instrument and agency service, 5G vertical application	20,000	-	2,000,000	38.83	19,998	(6)	-	The Company's investee accounted for using equity method
Market Go Profits Ltd.	MIC-Tech Ventures Asia Pacific Inc.	Cayman Islands	Investment holding and reinvestment	1,323,049	1,292,627	40,966,604	100	1,271,157	44,553	-	The investor's subsidiary
Marketech Engineering Pte Ltd.	Marketech Integrated Construction Co., Ltd.	Myanmar	Contracting for electrical installing construction	19,342	19,342	63,500	97.69	5,633	(2,395)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Rusky H.K. Limited	Hong Kong	Investment holding and reinvestment	34,551	34,551	833,000	100	(12,561)	(1,208)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Frontken MIC Co. Limited	Hong Kong	Investment holding and reinvestment	31,422	31,422	2,337,608	100	5,104	48	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	MICT International Limited	Hong Kong	Investment holding and reinvestment	132,282	132,282	5,400,000	60	47,210	(6,536)	-	The investor's subsidiary
MIC-Tech Ventures Asia Pacific Inc.	Leader Fortune Enterprise Co., Ltd.	Samoa	Investment holding and reinvestment	8,990	8,990	303,000	31.43	(4,754)	(1,238)	-	The investor's investee accounted for using equity method
MIC-Tech Ventures Asia Pacific Inc.	Fortune Blessing Co., Limited	Hong Kong	Investment holding and reinvestment	45,985	15,563	500,000	27.78	13,281	(635)	-	The investor's investee accounted for using equity method
Rusky H.K. Limited	PT Marketech International Indonesia	Indonesia	Trading business of machine equipment and parts	32	32	1,000	0.08	30	5,860	-	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 March 31, 2020, the initial investment amounts of other investees are translated at the current rate as of the investment date.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Information on investments in Mainland China

For the three months ended March 31, 2020

Table 7

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, 2020 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2020 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020 (Note 3)	Net income of investee for the three months ended March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 2)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	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; producing, assembling and sale of LED illuminator and its component; wholesale, commission agency and import and export of the aforementioned products their components, textile, commodities, chemical products and cosmetics; lease of self-owned plants; design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system	\$ 770,738	Note1(2)	\$ 619,613	\$ -	\$ -	\$ 619,613	(\$ 30,698)	100	(\$ 30,698)	\$ 3,542	\$ -	Note 2 (2)B
MIC-Tech (Shanghai) Corp.	Wholesale, commission agency, maintenance, repairment, manufacture, import and export of semiconductor production, inspection equipment and its consumables and boilers that generate electricity; storage and allocation of mainly chemical and boiler products; international and entrepot trade; trading and trading agency among enterprises in customs bonded area; consulting services in customs bonded area	249,084	Note1(2)	15,113	-	-	15,113	60,357	100	60,357	431,558	-	Note 2 (2)B
Fuzhou Jiwei System Integrated Co., Ltd.	Installation and complete services of clean room, mechanical system, street pipe system	9,068	Note1(2)	9,068	-	-	9,068	(188)	100	(188)	(1,693)	-	Note 2 (2)B
Shanghai Maohua Electronics Engineering Co.,Ltd.	Production of scrubber bins for semiconductor manufacturers, design, installation, debugging and technology services of tunnel system, equipment repair for semiconductor manufacturers, consulting service for electrical and medical equipment; wholesale, commissioned distribution (exclude auction), export, import and related services of electronic products, machinery equipment, chemical products (exclude dangerous articles), communication equipment, metal products, plastic products	18,135	Note1(2)	18,226	-	-	18,226	(1,356)	87	(1,179)	(15,386)	-	Note 2 (2)B
MIC-Tech Electronics Engineering Corp.	Installation and construction of mechanical and electrical systems; construction of chemical and petroleum projects; construction of public municipal infrastructure projects; professional building renovation and decoration services; design and construction of smart buildings; construction of electronic projects and related technical services and consulting. Building equipment, building materials (excluding steel and cement), electronic products, chemical products (excluding hazardous products), metal products, electrical equipment, wholesale of communications equipment, commission-based agency (excluding auctions) and import-export business, and delivery of all related and supplementary services	532,534	Note1(2)	257,517	-	-	257,517	10,055	100	10,055	512,295	-	Note 2 (2)B

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2010 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three months ended March 31, 2020 (Note 3)		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020 (Note 3)	Net income of investee for the three months ended March 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2020 (Note 2)	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Frontken-MIC (Wuxi) Co., Ltd.	Research of specialized cleaning equipment of semiconductor device and integrated circuit, cleaning of special components of semiconductor device, integrated circuit and micromodule and cleaning technology for semiconductors, assembling, installation and maintenance of cooling equipment; design, manufacture, sale and installation of automatic warehouse equipment and fittings, and automatic logistics transporting equipment and fittings; development, sale and installation of computer aided engineering; wholesale, commission, import and export of above products and parts	\$ 69,759	Note1(2)	\$ 27,904	\$ -	\$ -	\$ 27,904	\$ 48	100	\$ 48	\$ 5,084	\$ -	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; sells the products that manufactured by itself; machinery equipment, research and development of production technology of utilities equipment, technology transfer, technology consulting, technology service; processing of metal salvage and junk (except for hazardous chemicals and hazardous waste); metallic material (except for steels and noble metal), ceramic product, paper products and wholesale, retail and import and export of hardware products.	211,575	Note1(2)	117,878	-	-	117,878	(6,356)	60	(3,922)	46,447	-	Note 2 (2)B
MIC-Tech China Trading (Shanghai) Co., Ltd.	Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entropot trade, trading and trading agency among enterprises in customs bonded area, consulting service for trading, installation, repair, and maintenance of automation equipment, electronic equipment, and their parts	45,338	Note1(2)	45,338	-	-	45,338	3,183	100	3,183	21,560	-	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 entropot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area	28,922	Note1(2)	9,090	-	-	9,090	(1,238)	31.43	(389)	(4,758)	-	Note 2 (2)C
Fortune International Corporation	Research and development, design, manufacturing, sales, installation and repair services of semiconductor-related devices, equipment and materials; research and development, transfer, consulting and service of semiconductor-related technology; supply chain management service; self-operation and agency of import and export business of various products and technologies; property management service; industrial park management service; accommodation service; retail of articles of daily use, food and beverages; venue rental; enterprise management service; conference and exhibition services; warehousing service; handling and transportation agency services	36,270	Note1(2)	15,113	-	-	15,113	(635)	27.78	(176)	8,249	-	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 three months ended March 31, 2020' 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 reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are reviewed and attested by R.O.C. parent company's CPA.
 - C. Others - unreviewed financial statements.

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

2. Limit on investees in Mainland China

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020 (Note 1) (Note 2)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Marketch International Corp.	\$ 1,184,511	\$ 1,974,205	\$ 3,676,736

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 March 31, 2020 and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$186 thousand.

Note 3: The liquidation of TPP-MIC (WuXi) Co., Ltd. was completed in November, 2015. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020, and accumulated amount of remittance from Taiwan to Mainland China registered at and approved by MOEA was US\$180 thousand.

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Major shareholders information

March 31, 2020

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Ennoconn International Investment Co., Ltd.	83,468,613	44.62
JI-XUAN Investment Corp.	11,005,795	5.88

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may differ from the actual number of shares in dematerialised form due to the difference of calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.