

**MARKETECH INTERNATIONAL CORP.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
SEPTEMBER 30, 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 September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method, which statements reflect total assets (including investments accounted for using equity method) of NT\$1,077,985 thousand and NT\$1,049,531 thousand, constituting 5% and 6% of the consolidated total assets, and total liabilities of NT\$206,214 thousand and NT\$231,860 thousand, constituting 1% and 2% of the consolidated total liabilities as at September 30, 2020 and 2019, respectively, and total comprehensive loss of NT(\$30,189) thousand, NT(\$35,805) thousand, NT(\$86,666) thousand and NT(\$157,244) thousand, constituting



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(12%), (23%), (13%) and (31%) of the consolidated total comprehensive income for the three months and nine months then ended, respectively. These amounts were based solely on the unreviewed financial statements of these companies as of September 30, 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 September 30, 2020 and 2019, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Chang, Shu-Chiung

Weng, Shih-Jung

For and on behalf of PricewaterhouseCoopers, Taiwan

October 28, 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
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

| Assets | Notes | September 30, 2020 | | December 31, 2019 | | September 30, 2019 | | |
|---------------------------|----------------------------------|--------------------|----------------------|-------------------|----------------------|--------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 3,029,481 | 15 | \$ 2,560,943 | 13 | \$ 2,073,971 | 11 |
| 1110 | Financial assets at fair value | 6(2) | | | | | | |
| | through profit or loss - current | | 98,231 | - | 63,303 | - | 44,724 | - |
| 1140 | Current contract assets | 6(17) | 4,161,354 | 21 | 4,095,623 | 21 | 4,098,624 | 22 |
| 1150 | Notes receivable, net | 6(3) | 38,544 | - | 157,693 | 1 | 220,863 | 1 |
| 1170 | Accounts receivable, net | 6(3) | 4,542,301 | 23 | 4,805,637 | 25 | 4,325,634 | 23 |
| 1180 | Accounts receivable - related | 6(3) and 7 | | | | | | |
| | parties, net | | 155,379 | 1 | 229,575 | 1 | 190,878 | 1 |
| 1200 | Other receivables | | 18,948 | - | 10,542 | - | 20,746 | - |
| 130X | Inventories, net | 6(4) | 2,986,738 | 15 | 3,114,071 | 16 | 3,141,735 | 17 |
| 1410 | Prepayments | 6(5) | 436,582 | 2 | 361,171 | 2 | 446,391 | 3 |
| 1470 | Other current assets | 8 | 312,919 | 2 | 236,465 | 1 | 247,281 | 1 |
| 11XX | Total current assets | | <u>15,780,477</u> | <u>79</u> | <u>15,635,023</u> | <u>80</u> | <u>14,810,847</u> | <u>79</u> |
| Non-current assets | | | | | | | | |
| 1510 | Financial assets at fair value | 6(2) | | | | | | |
| | through profit or loss - non- | | | | | | | |
| | current | | 543,438 | 3 | 527,163 | 3 | 507,524 | 3 |
| 1550 | Investments accounted for | 6(6) | | | | | | |
| | using equity method | | 98,161 | - | 80,640 | - | 77,703 | - |
| 1600 | Property, plant and equipment, | 6(7), 7 and 8 | | | | | | |
| | net | | 2,184,107 | 11 | 2,211,675 | 11 | 2,248,951 | 12 |
| 1755 | Right-of-use assets | 6(8) | 1,018,799 | 5 | 971,068 | 5 | 978,087 | 5 |
| 1780 | Intangible assets | 7 | 53,730 | - | 16,695 | - | 15,906 | - |
| 1840 | Deferred tax assets | | 175,306 | 1 | 152,169 | 1 | 141,374 | 1 |
| 1900 | Other non-current assets | 6(2)(6) and 8 | 150,659 | 1 | 58,445 | - | 68,934 | - |
| 15XX | Total non-current assets | | <u>4,224,200</u> | <u>21</u> | <u>4,017,855</u> | <u>20</u> | <u>4,038,479</u> | <u>21</u> |
| 1XXX | Total Assets | | <u>\$ 20,004,677</u> | <u>100</u> | <u>\$ 19,652,878</u> | <u>100</u> | <u>\$ 18,849,326</u> | <u>100</u> |

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MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

| Liabilities and Equity | Notes | September 30, 2020 | | December 31, 2019 | | September 30, 2019 | | |
|--|--|--------------------|----------------------|-------------------|----------------------|--------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | | | |
| 2100 | Short-term borrowings | 6(9) and 8 | \$ 3,413,102 | 17 | \$ 3,048,408 | 15 | \$ 3,609,580 | 19 |
| 2130 | Current contract liabilities | 6(17) | 3,446,448 | 17 | 3,495,529 | 18 | 2,976,781 | 16 |
| 2150 | Notes payable | | 1,047,441 | 5 | 951,202 | 5 | 986,360 | 5 |
| 2160 | Notes payable - related parties | 7 | 4,044 | - | 3,272 | - | 5,447 | - |
| 2170 | Accounts payable | | 3,758,066 | 19 | 4,228,076 | 22 | 3,738,532 | 20 |
| 2180 | Accounts payable - related parties | 7 | 6,362 | - | 8,100 | - | 8,133 | - |
| 2200 | Other payables | 6(10) | 451,125 | 2 | 509,591 | 3 | 378,248 | 2 |
| 2230 | Current tax liabilities | | 146,735 | 1 | 97,851 | - | 60,535 | - |
| 2280 | Current lease liabilities | | 106,659 | 1 | 107,955 | 1 | 107,462 | 1 |
| 2310 | Advance receipts | | 102,761 | - | 39,092 | - | 31,965 | - |
| 2399 | Other current liabilities | | 129,128 | 1 | 98,364 | - | 16,411 | - |
| 21XX | Total current liabilities | | <u>12,611,871</u> | <u>63</u> | <u>12,587,440</u> | <u>64</u> | <u>11,919,454</u> | <u>63</u> |
| Non-current liabilities | | | | | | | | |
| 2540 | Long-term borrowings | 6(11) | 200,000 | 1 | 200,000 | 1 | 200,000 | 1 |
| 2570 | Deferred tax liabilities | | 38,345 | - | 19,383 | - | 17,938 | - |
| 2580 | Non-current lease liabilities | | 883,817 | 5 | 833,369 | 4 | 838,642 | 5 |
| 2640 | Accrued pension liabilities | | 168,056 | 1 | 170,165 | 1 | 160,025 | 1 |
| 2670 | Other non-current liabilities | 6(6) | 4,139 | - | 4,553 | - | 4,971 | - |
| 25XX | Total non-current liabilities | | <u>1,294,357</u> | <u>7</u> | <u>1,227,470</u> | <u>6</u> | <u>1,221,576</u> | <u>7</u> |
| 2XXX | Total Liabilities | | <u>13,906,228</u> | <u>70</u> | <u>13,814,910</u> | <u>70</u> | <u>13,141,030</u> | <u>70</u> |
| Equity | | | | | | | | |
| Share capital | | | | | | | | |
| 3110 | Ordinary shares | 6(14) | 1,871,427 | 9 | 1,868,400 | 10 | 1,866,700 | 10 |
| Capital surplus | | | | | | | | |
| 3200 | Capital surplus | 6(13)(15) | 996,122 | 5 | 982,882 | 5 | 981,839 | 5 |
| Retained earnings | | | | | | | | |
| 3310 | Legal reserve | 6(16) | 841,627 | 4 | 771,326 | 4 | 771,326 | 4 |
| 3320 | Special reserve | | 170,247 | 1 | 92,239 | 1 | 92,239 | 2 |
| 3350 | Unappropriated retained earnings | | 2,331,278 | 12 | 2,255,413 | 11 | 2,098,661 | 10 |
| Other equity interest | | | | | | | | |
| 3400 | Other equity interest | | (165,445) | (1) | (170,247) | (1) | (152,207) | (1) |
| 31XX | Total equity attributable to owners of parent | | <u>6,045,256</u> | <u>30</u> | <u>5,800,013</u> | <u>30</u> | <u>5,658,558</u> | <u>30</u> |
| 36XX | Non-controlling interests | 4(3) | <u>53,193</u> | <u>-</u> | <u>37,955</u> | <u>-</u> | <u>49,738</u> | <u>-</u> |
| 3XXX | Total Equity | | <u>6,098,449</u> | <u>30</u> | <u>5,837,968</u> | <u>30</u> | <u>5,708,296</u> | <u>30</u> |
| Significant contingent liabilities and unrecognised contract commitments | | | | | | | | |
| 3X2X | Total Liabilities and Equity | | <u>\$ 20,004,677</u> | <u>100</u> | <u>\$ 19,652,878</u> | <u>100</u> | <u>\$ 18,849,326</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
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

| Items | Notes | Three months ended September 30, | | | | Nine months ended September 30, | | | | |
|-------|--|----------------------------------|-------------------|-----------|-------------------|---------------------------------|-------------------|-----------|-------------------|-----------|
| | | 2020 | | 2019 | | 2020 | | 2019 | | |
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % | |
| 4000 | Operating Revenue | 6(17) and 7 | \$ 6,638,428 | 100 | \$ 5,937,758 | 100 | \$ 17,924,327 | 100 | \$ 17,544,084 | 100 |
| 5000 | Operating Costs | 6(4)(19) and 7 | (5,786,081) | (87) | (5,226,551) | (88) | (15,613,993) | (87) | (15,674,585) | (90) |
| 5900 | Gross Profit | | <u>852,347</u> | <u>13</u> | <u>711,207</u> | <u>12</u> | <u>2,310,334</u> | <u>13</u> | <u>1,869,499</u> | <u>10</u> |
| | Operating Expenses | 6(19) | | | | | | | | |
| 6100 | Sales and marketing expenses | | (153,701) | (2) | (159,159) | (3) | (451,241) | (2) | (474,029) | (3) |
| 6200 | General and administrative expenses | | (228,183) | (4) | (216,591) | (4) | (651,185) | (4) | (629,641) | (3) |
| 6300 | Research and development expenses | | (48,151) | (1) | (56,571) | (1) | (139,442) | (1) | (167,505) | (1) |
| 6450 | Impairment on expected credit loss | 12(2) | (83,111) | (1) | (30,033) | - | (161,939) | (1) | (12,868) | - |
| 6000 | Total operating expenses | | (513,146) | (8) | (462,354) | (8) | (1,403,807) | (8) | (1,284,043) | (7) |
| 6900 | Operating Profit | | <u>339,201</u> | <u>5</u> | <u>248,853</u> | <u>4</u> | <u>906,527</u> | <u>5</u> | <u>585,456</u> | <u>3</u> |
| | Non-operating Income and Expenses | | | | | | | | | |
| 7100 | Interest income | | 2,852 | - | 2,615 | - | 6,995 | - | 6,931 | - |
| 7010 | Other income | | 29,077 | 1 | 27,979 | - | 53,383 | - | 80,323 | 1 |
| 7020 | Other gains and losses | 6(2)(18) | (49,953) | (1) | (3,689) | - | (16,035) | - | 80,175 | - |
| 7050 | Finance costs | | (16,459) | - | (20,180) | - | (53,321) | - | (64,891) | - |
| 7060 | Share of profit (loss) of associates and joint ventures accounted for using equity method | | (440) | - | (85) | - | (379) | - | 2,750 | - |
| 7000 | Total non-operating income and expenses | | (34,923) | - | 6,640 | - | (9,357) | - | 105,288 | 1 |
| 7900 | Profit before Income Tax | | 304,278 | 5 | 255,493 | 4 | 897,170 | 5 | 690,744 | 4 |
| 7950 | Income tax expense | 6(20) | (81,518) | (1) | (68,776) | (1) | (218,734) | (1) | (175,140) | (1) |
| 8200 | Net Income | | <u>\$ 222,760</u> | <u>4</u> | <u>\$ 186,717</u> | <u>3</u> | <u>\$ 678,436</u> | <u>4</u> | <u>\$ 515,604</u> | <u>3</u> |

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MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

| Items | Notes | Three months ended September 30, | | | | Nine months ended September 30, | | | |
|---|-------|----------------------------------|-------------|--------------------|-------------|---------------------------------|-------------|--------------------|-------------|
| | | 2020 | | 2019 | | 2020 | | 2019 | |
| | | AMOUNT | % | AMOUNT | % | AMOUNT | % | AMOUNT | % |
| Other Comprehensive Income | | | | | | | | | |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | | | | | | |
| 8361 | | \$ 24,127 | - | (\$ 41,820) | - | \$ 5,960 | - | (\$ 14,463) | - |
| 8370 | | (112) | - | (100) | - | (227) | - | (185) | - |
| 8399 | 6(20) | (4,706) | - | 8,293 | - | (1,200) | - | 2,819 | - |
| 8360 | | 19,309 | - | (33,627) | - | 4,533 | - | (11,829) | - |
| 8300 | | <u>\$ 19,309</u> | - | <u>(\$ 33,627)</u> | - | <u>\$ 4,533</u> | - | <u>(\$ 11,829)</u> | - |
| 8500 | | <u>\$ 242,069</u> | 4 | <u>\$ 153,090</u> | 3 | <u>\$ 682,969</u> | 4 | <u>\$ 503,775</u> | 3 |
| Profit (loss) attributable to: | | | | | | | | | |
| 8610 | | \$ 234,127 | 4 | \$ 196,960 | 3 | \$ 709,958 | 4 | \$ 537,629 | 3 |
| 8620 | | (11,367) | - | (10,243) | - | (31,522) | - | (22,025) | - |
| | | <u>\$ 222,760</u> | 4 | <u>\$ 186,717</u> | 3 | <u>\$ 678,436</u> | 4 | <u>\$ 515,604</u> | 3 |
| Comprehensive income (loss) attributable to: | | | | | | | | | |
| 8710 | | \$ 252,953 | 4 | \$ 163,790 | 3 | \$ 714,760 | 4 | \$ 526,353 | 3 |
| 8720 | | (10,884) | - | (10,700) | - | (31,791) | - | (22,578) | - |
| | | <u>\$ 242,069</u> | 4 | <u>\$ 153,090</u> | 3 | <u>\$ 682,969</u> | 4 | <u>\$ 503,775</u> | 3 |
| 9750 | 6(21) | <u>\$</u> | <u>1.26</u> | <u>\$</u> | <u>1.06</u> | <u>\$</u> | <u>3.80</u> | <u>\$</u> | <u>2.89</u> |
| 9850 | 6(21) | <u>\$</u> | <u>1.24</u> | <u>\$</u> | <u>1.05</u> | <u>\$</u> | <u>3.77</u> | <u>\$</u> | <u>2.85</u> |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 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 | Capital Surplus, changes in ownership interests in subsidiaries | Legal reserve | Special reserve | Unappropriated retained earnings | | | | | |
| <u>Nine months ended September 30, 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 | | - | - | - | - | - | 537,629 | - | 537,629 | (22,025) | 515,604 | |
| Other comprehensive income (loss) for the period | | - | - | - | - | - | - | (11,276) | (11,276) | (553) | (11,829) | |
| Total comprehensive income (loss) | | - | - | - | - | - | 537,629 | (11,276) | 526,353 | (22,578) | 503,775 | |
| Appropriations and distribution of 2018 retained earnings: | 6(16) | | | | | | | | | | | |
| Legal reserve | | - | - | - | 79,258 | - | (79,258) | - | - | - | - | |
| Cash dividends | | - | - | - | - | - | (556,774) | - | (556,774) | - | (556,774) | |
| Share-based payment | 6(13)(14)(15) | 5,925 | 7,188 | (2,950) | - | - | - | - | 10,163 | - | 10,163 | |
| Changes in equity of associates and joint ventures accounted for using equity method | 6(15) | - | - | 223 | - | - | - | - | 223 | - | 223 | |
| Conversion of convertible bonds | 6(14)(15)(23) | 4,862 | 7,500 | (503) | - | - | - | - | 11,859 | - | 11,859 | |
| Change in non-controlling interests | | - | - | - | - | - | - | - | - | 1,747 | 1,747 | |
| Balance at September 30, 2019 | | \$ 1,866,700 | \$ 974,647 | \$ 7,192 | \$ 771,326 | \$ 92,239 | \$ 2,098,661 | (\$ 152,207) | \$ 5,658,558 | \$ 49,738 | \$ 5,708,296 | |
| <u>Nine months ended September 30, 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 | | - | - | - | - | - | 709,958 | - | 709,958 | (31,522) | 678,436 | |
| Other comprehensive income (loss) for the period | | - | - | - | - | - | - | 4,802 | 4,802 | (269) | 4,533 | |
| Total comprehensive income (loss) | | - | - | - | - | - | 709,958 | 4,802 | 714,760 | (31,791) | 682,969 | |
| Appropriations and distribution of 2019 retained earnings: | 6(16) | | | | | | | | | | | |
| Legal reserve | | - | - | - | 70,301 | - | (70,301) | - | - | - | - | |
| Special reserve | | - | - | - | - | 78,008 | (78,008) | - | - | - | - | |
| Cash dividends | | - | - | - | - | - | (485,784) | - | (485,784) | - | (485,784) | |
| Share-based payment | 6(13)(14)(15) | 3,027 | 3,608 | (1,896) | - | - | - | - | 4,739 | 1,183 | 5,922 | |
| Changes in ownership interest in subsidiaries | 6(15) | - | - | 11,528 | - | - | - | - | 11,528 | (11,528) | - | |
| Change in non-controlling interests | | - | - | - | - | - | - | - | - | 57,374 | 57,374 | |
| Balance at September 30, 2020 | | \$ 1,871,427 | \$ 980,296 | \$ 15,826 | \$ 841,627 | \$ 170,247 | \$ 2,331,278 | (\$ 165,445) | \$ 6,045,256 | \$ 53,193 | \$ 6,098,449 | |

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

| | Notes | Nine months ended September 30, | |
|---|---------------|---------------------------------|--------------------|
| | | 2020 | 2019 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 897,170 | \$ 690,744 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Net gain on financial assets at fair value through profit or loss | 6(2)(18) | (21,127) | (66,323) |
| Impairment on expected credit loss | 12(2) | 161,939 | 12,868 |
| Share of (profit) loss of associates and joint ventures accounted for using equity method | | 379 | (2,750) |
| Depreciation | 6(7)(8)(19) | 227,125 | 249,817 |
| Amortisation | 6(19) | 14,700 | 12,288 |
| Loss on disposal of property, plant and equipment | 6(7) | 683 | 683 |
| Compensation cost of share-based payments | 6(13)(15)(19) | 1,183 | 1,567 |
| Interest income | | (6,995) | (6,931) |
| Interest expense | | 53,321 | 64,891 |
| Dividend income | | (16,546) | (13,705) |
| Gain recognised from bargain purchase | 6(22) | (309) | - |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Contract assets – current | | (65,730) | 130,917 |
| Notes receivable, net | | 119,149 | (124,872) |
| Accounts receivable, net | | 88,833 | (224,421) |
| Accounts receivable – related parties, net | | 74,191 | (81,402) |
| Other receivables | | (13,262) | 2,011 |
| Inventories | | 125,626 | 650,794 |
| Prepayments | | (75,401) | (28,970) |
| Other current assets | | (38,834) | 24,754 |
| Changes in operating liabilities | | | |
| Contract liabilities – current | | (49,081) | (343,685) |
| Notes payable | | 96,239 | (52,352) |
| Notes payable – related parties | | 772 | - |
| Accounts payable | | (454,547) | (522,875) |
| Accounts payable – related parties | | (1,738) | (5,987) |
| Other payables | | (51,663) | (200,813) |
| Advance receipts | | 63,668 | 3,420 |
| Other current liabilities | | 30,765 | (33,295) |
| Other non-current liabilities | | (2,109) | (1,932) |
| Cash inflow generated from operations | | 1,158,401 | 134,441 |
| Interest received | | 7,011 | 6,913 |
| Dividends received | | 16,546 | 13,705 |
| Interest paid | | (56,628) | (69,477) |
| Income tax paid | | (171,085) | (209,648) |
| Net cash flows from (used in) operating activities | | <u>954,245</u> | <u>(124,066)</u> |

(Continued)

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

| | Notes | Nine months ended September 30, | |
|--|----------|---------------------------------|--------------|
| | | 2020 | 2019 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at fair value through profit or loss | | (\$ 45,129) | (\$ 58,517) |
| Proceeds from disposal of financial assets at fair value through profit or loss | | 12,241 | 83,804 |
| Proceeds from capital reduction of financial assets at fair value through profit or loss | | 2,812 | - |
| Increase in other financial assets – current | | (46,488) | (62,378) |
| Acquisition of investments accounted for using equity method | | (20,000) | (15,563) |
| Proceeds from capital reduction of investments accounted for using the equity method | | 1,471 | - |
| Net cash flow from acquisition of subsidiaries | 6(22) | (3,300) | - |
| Acquisition of property, plant and equipment | 6(7) | (97,445) | (159,339) |
| Proceeds from disposal of property, plant and equipment | 6(7) | 2,346 | 14,631 |
| Acquisition of right-of-use assets | | (4,675) | (43,737) |
| Acquisition of intangible assets | | (51,777) | (8,843) |
| Increase in refundable deposits | | (45,209) | (38,765) |
| (Increase) decrease in prepayments for business facilities | | (9,037) | 2,650 |
| Increase in prepayments for investments | | (29,100) | (11,991) |
| Net cash flows used in investing activities | | (333,290) | (298,048) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Increase in short-term borrowings | 6(24) | 372,954 | 990,871 |
| Proceeds from exercise of employee stock options | 6(13) | 4,739 | 9,409 |
| Repayments of lease principal | 6(8)(24) | (68,527) | (89,108) |
| Decrease in guarantee deposits received | | (11) | - |
| Cash dividends paid | 6(16) | (485,784) | (556,774) |
| Changes in non-controlling interests | | 57,374 | 934 |
| Net cash flows (used in) from financing activities | | (119,255) | 355,332 |
| Effect of exchange rate changes on cash and cash equivalents | | (33,162) | (14,604) |
| Net increase (decrease) in cash and cash equivalents | | 468,538 | (81,386) |
| 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) | \$ 3,029,481 | \$ 2,073,971 |

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

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

SEPTEMBER 30, 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 44.60% 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 October 28, 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> |
|---|---|
| Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’ | January 1, 2020 |
| Amendments to IFRS 3, ‘Definition of a business’ | January 1, 2020 |
| Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’ | January 1, 2020 |
| Amendment to IFRS 16, ‘Covid-19-related rent concessions’ | June 1, 2020 (Note) |

Note: Earlier application from January 1, 2020 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition

and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

| <u>New Standards, Interpretations and Amendments</u> | <u>Effective date by International Accounting Standards Board</u> |
|---|---|
| Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9' | January 1, 2021 |

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

(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 3, 'Reference to the conceptual framework' | January 1, 2022 |
| 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, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2023 |
| Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use' | January 1, 2022 |
| Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract' | January 1, 2022 |
| Annual improvements to IFRS Standards 2018–2020 | January 1, 2022 |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2' | January 1, 2021 |

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 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. Subsidiaries included in the consolidated financial statements:

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | | Note |
|-------------------------------|--------------------------------|---|-----------------------------|-------------------|--------------------|--------|
| | | | September 30, 2020 | December 31, 2019 | September 30, 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 |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | | Note |
|-------------------------------|--|--|-----------------------------|-------------------|--------------------|--------|
| | | | September 30, 2020 | December 31, 2019 | September 30, 2019 | |
| 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 |
| 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 |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | | Note |
|-------------------------------------|---|---|-----------------------------|-------------------|--------------------|--------------|
| | | | September 30, 2020 | December 31, 2019 | September 30, 2019 | |
| 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 | 20.43 | 29.41 | 29.41 | Note 1 and 2 |
| Marketech International Corp. | Marketech International Corporation USA | Specialized contracting | 100 | 100 | 100 | Note 1 |
| Marketech International Corp. | Spiro Technology Systems Inc. | International trade | 100 | - | - | Note 1 |
| Marketech International Corp. | Smart Health Corp. | Smart medical consulting services and investment | 100 | - | - | Note 1 and 4 |
| 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 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | | Note |
|-------------------------------------|---------------------------|---|-----------------------------|-------------------|--------------------|------|
| | | | September 30, 2020 | December 31, 2019 | September 30, 2019 | |
| 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; design, manufacturing, sales and installation of automatic warehousing equipment and accessories, automatic logistics transporting equipment and accessories; R&D, sales and installation of supplementary engineering in logistics dispatch system, manufacturing and sales of medical devices. | 100 | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | | Note |
|-------------------------------------|--|---|-----------------------------|-------------------|--------------------|------|
| | | | September 30, 2020 | December 31, 2019 | September 30, 2019 | |
| 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 | - |
| 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 | 100 | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | | Note |
|-------------------------------------|---|---|-----------------------------|-------------------|--------------------|------|
| | | | September 30, 2020 | December 31, 2019 | September 30, 2019 | |
| | | 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 | | | | |
| MIC-Tech Ventures Asia Pacific Inc. | Fuzhou Jiwei System Integrated Co., Ltd. | Installation and complete services of clean room, mechanical system, street pipe system | 100 | 100 | 100 | - |
| MIC-Tech Ventures Asia Pacific Inc. | MIC-Tech China Trading (Shanghai) Co., Ltd. | Wholesale, commission agency and import and export of chemical products, semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity; international and entrepot trade, trading and trading agency among enterprises in customs bonded area; consulting service for trading; installation, repair, and maintenance of automation equipment, electronic equipment, and their parts | 100 | 100 | 100 | - |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | | Note |
|--------------------|---|--|-----------------------------|-------------------|--------------------|--------|
| | | | September 30, 2020 | December 31, 2019 | September 30, 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 3 |
| Rusky H.K. Limited | PT Marketech International Indonesia | Trading business of machine equipment and parts | 0.08 | 0.08 | 0.08 | Note 1 |

| Name of investor | Name of subsidiary | Main business activities | Percentage of Ownership (%) | | | Note |
|--------------------------------|---|--|-----------------------------|-------------------|--------------------|--------|
| | | | September 30, 2020 | December 31, 2019 | September 30, 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 | 97.69 | Note 1 |

Note 1 : The financial statements of the entity as of and for the nine months ended September 30, 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. However, as the definition of control is met, the subsidiary is included in the consolidated entities.

Note 3 : ChenGao M&E Engineering (Shanghai) Co., Ltd. has completed the liquidation process in October 2019.

Note 4 : Smart Health Corp. was included in the consolidated entities in July 2020. Please refer to Note 6(6) for the details.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: As of September 30, 2020, December 31, 2019 and September 30, 2019, the non-controlling interests amounted to \$53,193, \$37,955 and \$49,738, 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 recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|---------------------------------------|---------------------------|--------------------------|---------------------------|
| Cash on hand | \$ 14,321 | \$ 15,692 | \$ 15,640 |
| Checking accounts and demand deposits | 3,011,423 | 2,530,778 | 2,029,984 |
| Time deposits | <u>3,737</u> | <u>14,473</u> | <u>28,347</u> |
| Total | <u>\$ 3,029,481</u> | <u>\$ 2,560,943</u> | <u>\$ 2,073,971</u> |

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

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

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

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|---|---------------------------|--------------------------|---------------------------|
| Current items: | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Listed stocks | \$ 8,197 | \$ 7,439 | \$ 9,079 |
| Valuation adjustment | <u>90,034</u> | <u>55,864</u> | <u>35,645</u> |
| Total | <u>\$ 98,231</u> | <u>\$ 63,303</u> | <u>\$ 44,724</u> |
| Non-current items: | | | |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| Listed stocks | \$ 12,474 | \$ 16,582 | \$ 17,156 |
| Unlisted stocks | 417,042 | 403,291 | 393,348 |
| Beneficiary certificates | 7,801 | 4,720 | 2,757 |
| Hybrid instruments-convertible corporate bonds | <u>52,748</u> | <u>35,959</u> | <u>35,959</u> |
| | 490,065 | 460,552 | 449,220 |
| Valuation adjustment | <u>53,373</u> | <u>66,611</u> | <u>58,304</u> |
| Total | <u>\$ 543,438</u> | <u>\$ 527,163</u> | <u>\$ 507,524</u> |
| Prepayments to long-term investments (listed as 'other non-current assets') | | | |
| Unlisted stocks | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,991</u> |

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

| | <u>Three months ended September 30,</u> | |
|--|---|------------------|
| | <u>2020</u> | <u>2019</u> |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Equity instruments | (\$ 23,681) | \$ 12,691 |
| Hybrid instruments | <u>(21)</u> | <u>-</u> |
| | <u>(\$ 23,702)</u> | <u>\$ 12,691</u> |

| | Nine months ended September 30, | |
|--|---------------------------------|------------------|
| | 2020 | 2019 |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Equity instruments | \$ 41,749 | \$ 69,245 |
| Hybrid instruments | (20,622) | (2,922) |
| | <u>\$ 21,127</u> | <u>\$ 66,323</u> |

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

(3) Notes and accounts receivable

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|----------------------|---------------------------|--------------------------|---------------------------|
| Notes receivable | \$ 38,544 | \$ 157,693 | \$ 220,863 |
| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
| Accounts receivable | \$ 5,289,367 | \$ 5,411,482 | \$ 4,935,306 |
| Less: Loss allowance | (747,066) | (605,845) | (609,672) |
| Total | <u>\$ 4,542,301</u> | <u>\$ 4,805,637</u> | <u>\$ 4,325,634</u> |

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

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

(a) Notes receivable

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|--------------|---------------------------|--------------------------|---------------------------|
| Not past due | \$ 38,544 | \$ 157,693 | \$ 220,863 |

(b) Accounts receivable

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|-----------------|---------------------------|--------------------------|---------------------------|
| Not past due | \$ 3,701,950 | \$ 3,814,529 | \$ 2,846,638 |
| Up to 90 days | 421,184 | 546,196 | 944,720 |
| 91 to 180 days | 108,329 | 218,135 | 158,241 |
| 181 to 365 days | 277,564 | 246,853 | 454,694 |
| Over 365 days | 935,726 | 815,346 | 721,892 |
| | <u>\$ 5,444,753</u> | <u>\$ 5,641,059</u> | <u>\$ 5,126,185</u> |

The above ageing analysis was based on past due date.

B. As of September 30, 2020, December 31, 2019 and September 30, 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 \$38,544, \$157,693 and \$220,863, respectively. As of September 30, 2020, December 31, 2019 and September 30, 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 \$4,697,680, \$5,035,212, and \$4,516,512, 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

| | <u>September 30, 2020</u> | | |
|--|---------------------------|--|---------------------|
| | <u>Cost</u> | <u>Allowance for valuation loss and loss on obsolete and slow-moving inventories</u> | <u>Book value</u> |
| Materials | \$ 343,192 | (\$ 34,483) | \$ 308,709 |
| Merchandise inventory | 720,638 | (50,571) | 670,067 |
| Raw materials | 793,741 | (32,170) | 761,571 |
| Supplies | 49,649 | (2,846) | 46,803 |
| Work in process | 1,067,942 | (23,378) | 1,044,564 |
| Semi-finished goods and finished goods | 198,029 | (43,005) | 155,024 |
| Total | <u>\$ 3,173,191</u> | <u>(\$ 186,453)</u> | <u>\$ 2,986,738</u> |

| | <u>December 31, 2019</u> | | |
|--|--------------------------|--|---------------------|
| | <u>Cost</u> | <u>Allowance for valuation loss and loss on obsolete and slow-moving inventories</u> | <u>Book value</u> |
| 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> |

| | September 30, 2019 | | |
|--|---------------------|---|---------------------|
| | Cost | Allowance for valuation loss and loss on obsolete and slow-moving inventories | Book value |
| Materials | \$ 543,293 | (\$ 33,482) | \$ 509,811 |
| Merchandise inventory | 453,173 | (12,303) | 440,870 |
| Raw materials | 784,439 | (36,633) | 747,806 |
| Supplies | 43,224 | (2,836) | 40,388 |
| Work in process | 1,194,616 | (11,208) | 1,183,408 |
| Semi-finished goods and finished goods | 241,039 | (21,587) | 219,452 |
| Total | \$ 3,259,784 | (\$ 118,049) | \$ 3,141,735 |

A. Relevant expenses of inventories recognized as operating costs for the three months and nine months ended September 30, 2020 and 2019 are as follows:

| | Three months ended September 30, | |
|---|----------------------------------|---------------------|
| | 2020 | 2019 |
| Cost of sales | \$ 3,041,903 | \$ 1,925,795 |
| Construction cost | 2,505,339 | 3,057,341 |
| Other operating cost | 241,804 | 243,747 |
| Gain on market value decline and obsolete and slow-moving inventories (Note) | (2,965) | (332) |
| Total | \$ 5,786,081 | \$ 5,226,551 |

| | Nine months ended September 30, | |
|---|---------------------------------|----------------------|
| | 2020 | 2019 |
| Cost of sales | \$ 7,810,679 | \$ 6,068,253 |
| Construction cost | 6,986,917 | 8,860,050 |
| Other operating cost | 759,125 | 772,068 |
| Loss on (gain on reversal of) market value decline and obsolete and slow-moving inventories (Note) | 57,272 | (25,786) |
| Total | \$ 15,613,993 | \$ 15,674,585 |

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

B. The Group has no inventories pledged to others.

(5) Prepayments

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|--------------------------|---------------------------|--------------------------|---------------------------|
| Prepayment for purchases | \$ 374,587 | \$ 278,213 | \$ 339,406 |
| Others | 61,995 | 82,958 | 106,985 |
| Total | <u>\$ 436,582</u> | <u>\$ 361,171</u> | <u>\$ 446,391</u> |

(6) Investments accounted for using equity method

A. Details of investments accounted for using equity method:

| | <u>September 30, 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. | \$ 66,040 | 29.24% | \$ 63,804 | 29.24% |
| Vertex System Corporation | 18,976 | 38.83% | - | - |
| Fortune Blessing Co., Limited | 11,318 | 27.78% | 13,512 | 27.78% |
| MIC Techno Co., Ltd. | 1,827 | 20% | 1,834 | 20% |
| Smart Health Corp. (Note) | - | - | 1,490 | 42.86% |
| Leader Fortune Enterprise Co., Ltd. | (4,061) | 31.43% | (4,462) | 31.43% |
| | 94,100 | | 76,178 | |
| Add: Credit balance of long-term equity investment transferred to 'other non-current liabilities' | <u>4,061</u> | | <u>4,462</u> | |
| Total | <u>\$ 98,161</u> | | <u>\$ 80,640</u> | |
| Prepayments to long-term investments (listed as 'other non-current assets') | | | | |
| Unlisted stocks | <u>\$ 29,100</u> | | <u>\$ -</u> | |

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

Note: In July 2020, the equity interests in Smart Health Corp. acquired by the Group totaled to 100%. Accordingly, Smart Health Corp. was included in the consolidated entities since the date the Group obtained control over it after comprehensive assessment.

B. Associates

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

| | <u>Three months ended September 30,</u> | |
|--|---|-----------------|
| | <u>2020</u> | <u>2019</u> |
| Loss for the period from continuing operations | (\$ 1,474) | (\$ 208) |
| Other comprehensive loss - net of tax | (337) | (502) |
| Total comprehensive loss | <u>(\$ 1,811)</u> | <u>(\$ 710)</u> |

| | <u>Nine months ended September 30,</u> | |
|---|--|-----------------|
| | <u>2020</u> | <u>2019</u> |
| (Loss) profit for the period from continuing operations | (\$ 873) | \$ 9,415 |
| Other comprehensive loss - net of tax | (815) | (754) |
| Total comprehensive (loss) income | <u>(\$ 1,688)</u> | <u>\$ 8,661</u> |

C. The investments accounted for using equity method for the nine months ended September 30, 2020 and 2019 were evaluated based on the financial statements of the entities which were not reviewed by independent accountants. The investments accounted for using equity method for the year ended December 31, 2019 were evaluated based on the financial statements of the entities 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>Nine months ended September 30</u> | | | | | | |
| Opening net book amount | \$ 183,542 | \$ 1,774,164 | \$ 162,989 | \$ 75,375 | \$ 15,605 | \$ 2,211,675 |
| Additions | - | 28,305 | 17,546 | 15,073 | 36,521 | 97,445 |
| Acquired from business combination | - | - | - | 2 | - | 2 |
| Transfers (Note) | - | - | - | 6,000 | (6,000) | - |
| Disposals | - | (550) | (1,279) | (1,136) | (64) | (3,029) |
| Depreciation | - | (94,232) | (31,159) | (22,954) | (1,805) | (150,150) |
| Net exchange differences | - | 27,717 | (88) | 158 | 377 | 28,164 |
| Closing net book amount | <u>\$ 183,542</u> | <u>\$ 1,735,404</u> | <u>\$ 148,009</u> | <u>\$ 72,518</u> | <u>\$ 44,634</u> | <u>\$ 2,184,107</u> |
| <u>At September 30</u> | | | | | | |
| Cost | \$ 183,542 | \$ 2,843,891 | \$ 629,885 | \$ 252,175 | \$ 61,187 | \$ 3,970,680 |
| Accumulated depreciation | - | (1,108,487) | (481,876) | (179,657) | (16,553) | (1,786,573) |
| Book value | <u>\$ 183,542</u> | <u>\$ 1,735,404</u> | <u>\$ 148,009</u> | <u>\$ 72,518</u> | <u>\$ 44,634</u> | <u>\$ 2,184,107</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>Nine months ended September 30</u> | | | | | | |
| Opening net book amount | \$ 205,438 | \$ 1,476,106 | \$ 162,071 | \$ 78,342 | \$ 309,976 | \$ 2,231,933 |
| Additions | - | 64,630 | 29,757 | 20,732 | 46,481 | 161,600 |
| Transfers (Note) | - | 299,360 | 773 | 3,562 | (305,956) | (2,261) |
| Disposals | - | (1,191) | (12,377) | (1,489) | (160) | (15,217) |
| Depreciation | - | (79,334) | (26,489) | (22,398) | (1,940) | (130,161) |
| Net exchange differences | - | (1,948) | (743) | (302) | 6,050 | 3,057 |
| Closing net book amount | <u>\$ 205,438</u> | <u>\$ 1,757,623</u> | <u>\$ 152,992</u> | <u>\$ 78,447</u> | <u>\$ 54,451</u> | <u>\$ 2,248,951</u> |
| <u>At September 30</u> | | | | | | |
| Cost | \$ 205,438 | \$ 2,746,294 | \$ 619,659 | \$ 237,737 | \$ 69,336 | \$ 3,878,464 |
| Accumulated depreciation | - | (988,671) | (466,667) | (159,290) | (14,885) | (1,629,513) |
| Book value | <u>\$ 205,438</u> | <u>\$ 1,757,623</u> | <u>\$ 152,992</u> | <u>\$ 78,447</u> | <u>\$ 54,451</u> | <u>\$ 2,248,951</u> |

Note: The transfer amount is primarily due to the transfer from completion of construction in progress and equipment under acceptance after inspection to buildings and office equipment.

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>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|------------------|---------------------------|--------------------------|---------------------------|
| | <u>Carrying amount</u> | <u>Carrying amount</u> | <u>Carrying amount</u> |
| Land | \$ 755,067 | \$ 700,270 | \$ 705,292 |
| Buildings | 198,781 | 209,363 | 211,110 |
| Office equipment | 326 | 54 | 299 |
| Other equipment | 64,625 | 61,381 | 61,386 |
| | <u>\$ 1,018,799</u> | <u>\$ 971,068</u> | <u>\$ 978,087</u> |

| | <u>Nine months ended September 30,</u> | |
|-------------------------|--|----------------------------|
| | <u>2020</u> | <u>2019</u> |
| | <u>Depreciation charge</u> | <u>Depreciation charge</u> |
| Land | \$ 15,383 | \$ 16,967 |
| Buildings | 39,796 | 76,092 |
| Machinery and equipment | - | 149 |
| Office equipment | 96 | 457 |
| Other equipment | 21,700 | 25,991 |
| | <u>\$ 76,975</u> | <u>\$ 119,656</u> |

- D. For the nine months ended September 30, 2020 and 2019, the additions to right-of-use assets were \$130,535 and \$72,202, respectively.
- E. The information on profit and loss accounts relating to lease contracts is as follows:

| | <u>Three months ended September 30,</u> | |
|---------------------------------------|---|------------------|
| | <u>2020</u> | <u>2019</u> |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 4,040 | \$ 4,306 |
| Expense on short-term lease contracts | 23,478 | 7,235 |
| | <u>\$ 27,518</u> | <u>\$ 11,541</u> |

| | Nine months ended September 30, | |
|---------------------------------------|---------------------------------|------------------|
| | 2020 | 2019 |
| <u>Items affecting profit or loss</u> | | |
| Interest expense on lease liabilities | \$ 12,571 | \$ 14,236 |
| Expense on short-term lease contracts | 62,046 | 8,633 |
| | <u>\$ 74,617</u> | <u>\$ 22,869</u> |

F. For the nine months ended September 30, 2020 and 2019, the Group's total cash outflow for leases were \$143,144 and \$111,977, respectively.

G. Extension options

(a) Extension options are included in approximately 60 % of the Group's lease contracts pertaining to land. These options are expected to be exercised for maximizing optional flexibility in terms of managing contracts.

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

(9) Short-term borrowings

| | <u>September 30, 2020</u> | <u>Interest rate range</u> | <u>Collateral</u> |
|------------------------|---------------------------|----------------------------|-------------------|
| <u>Bank borrowings</u> | | | |
| Credit borrowings | \$ 3,362,078 | 0.75%~4.05% | None |
| Mortgage loan | 51,024 | 2.1560%~2.18675% | Buildings |
| | <u>\$ 3,413,102</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 | 46,788 | 3.51506%~3.584% | Buildings |
| | <u>\$ 3,048,408</u> | | |
| | | | |
| | <u>September 30, 2019</u> | <u>Interest rate range</u> | <u>Collateral</u> |
| <u>Bank borrowings</u> | | | |
| Credit borrowings | \$ 3,571,415 | 0.87%~5.0025% | None |
| Mortgage loan | 38,165 | 3.62833%~3.62958% | Buildings |
| | <u>\$ 3,609,580</u> | | |

Details of mortgage loan are provided in Note 8.

(10) Other payables

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|--|---------------------------|--------------------------|---------------------------|
| Salaries and bonus payable | \$ 276,375 | \$ 331,370 | \$ 242,115 |
| Accrued employees' compensation and directors' remuneration | 110,055 | 108,544 | 83,729 |
| Others | <u>64,695</u> | <u>69,677</u> | <u>52,404</u> |
| Total | <u>\$ 451,125</u> | <u>\$ 509,591</u> | <u>\$ 378,248</u> |

(11) Long-term borrowings

| <u>Type of borrowings</u> | <u>Borrowing period and repayment term</u> | <u>Interest rate</u> | <u>Collateral</u> | <u>September 30, 2020</u> |
|------------------------------|---|----------------------|-------------------|---------------------------|
| Long-term bank borrowings | | | | |
| Credit borrowings | Borrowing period is from September 24, 2020 to December 23, 2021; interest is payable monthly; principal is payable at maturity date | 0.830% | 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>September 30, 2019</u> |
|------------------------------|---|----------------------|-------------------|---------------------------|
| Long-term bank borrowings | | | | |
| Credit borrowings | Borrowing period is from September 27, 2019 to December 25, 2020; interest is payable monthly; principal is payable at maturity date | 0.978% | None | <u>\$ 200,000</u> |

(12) 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, \$669, \$1,692 and \$2,008 for the three months and nine months ended September 30, 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 \$5,068.
- 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 a certain percentage of the 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 a certain percentage of the employees' monthly salaries and wages and are recognized as pension cost. Other than the monthly contributions, the Group has no further obligations.
- (d) The pension costs under the defined contribution pension plan of the Group for the three months and nine months ended September 30, 2020 and 2019 were \$17,770, \$23,895, \$55,436 and \$71,638, respectively.

(13) Share-based payment

A. For the nine months ended September 30, 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 | " | " |
| " | " | 2020.5.1 | 27 | " | " |
| " | " | 2020.9.1 | 137 | " | " |

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

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

(a)The Company

| | <u>Nine months ended September 30,</u> | | | |
|--|--|---|-----------------------|---|
| | <u>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 | (303) | 15.65 | (593) | 15.88 |
| Options forfeited | - | - | (14) | - |
| Options outstanding at end of the period | <u>245</u> | 15.20 | <u>718</u> | 15.70 |
| Options exercisable at end of the period | <u>245</u> | | <u>718</u> | |
| Options approved but not yet issued at end of the period | <u>44</u> | | <u>44</u> | |

(b)Subsidiary-ADAT

| | Nine months ended September 30, | | | |
|--|---------------------------------|--|----------------|--|
| | 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 | 164 | 10.00 | 750 | 10.00 |
| Options exercised | (237) | 10.00 | (201) | 10.00 |
| Options outstanding at end of the period | <u>476</u> | 10.00 | <u>549</u> | 10.00 |
| Options exercisable at end of the period | <u>67</u> | | <u>24</u> | |
| Options approved but not yet issued at end of the period | <u>40</u> | | <u>204</u> | |

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

| | | | September 30, 2020 | |
|-----------------|---------------------|-------------|------------------------------|-----------------------------|
| Issuing Company | Issue date approved | Expiry date | No. of shares (in thousands) | Exercise price (in dollars) |
| The Company | 2015.9.11 | 2021.9.10 | 245 | \$ 15.20 |
| Subsidiary-ADAT | 2019.4.1 | 2025.3.31 | 204 | 10.00 |
| " | 2019.9.1 | 2025.8.31 | 229 | 10.00 |
| " | 2020.5.1 | 2026.4.30 | 19 | 10.00 |
| " | 2020.9.1 | 2026.8.31 | 24 | 10.00 |

| | | | December 31, 2019 | |
|-----------------|---------------------|-------------|------------------------------|-----------------------------|
| Issuing Company | Issue date approved | Expiry date | 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 |

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

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 |
| " | " | 2020.5.1 | 10.00 | 10.00 | 38.58% | 3.550 years | 0% | 0.38% | 10.4014 |
| " | " | 2020.9.1 | 10.00 | 10.00 | 38.10% | 3.550 years | 0% | 0.38% | 9.9910 |

E. Expenses incurred on share-based payment transactions are \$0, \$252, \$0 and \$754 for the three months and nine months ended September 30, 2020 and 2019, respectively.

F. The expenses incurred by the subsidiary - ADAT on share-based payment transactions amounted to \$676, \$390, \$1,183 and \$813 for the three months and nine months ended September 30, 2020 and 2019, respectively.

(14) Share capital

A. As of September 30, 2020, the Company's authorized capital was \$3,000,000, consisting of 300 million shares of ordinary stock (including 9,800 thousand shares reserved for employee stock options), and the paid-in capital was \$1,871,427 with a par value of \$10 (in dollars) per share amounting to 187,142,700 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>Nine months ended September 30,</u> | |
|------------------------------------|--|--------------------|
| | <u>2020</u> | <u>2019</u> |
| At January 1 | 186,839,950 | 185,591,264 |
| Conversion of convertible bonds | - | 486,186 |
| Exercise of employee stock options | 302,750 | 592,500 |
| At September 30 | <u>187,142,700</u> | <u>186,669,950</u> |

(15) 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 | | | | |
|--|----------------------|-------------------------------|----------------------|-------------------|-------------------|
| | <u>Share premium</u> | <u>Employee stock options</u> | <u>Others</u> | <u>Total</u> | |
| At January 1 | \$ 976,688 | \$ 3,801 | \$ 2,393 | \$ 982,882 | |
| Exercise of employee stock options | 3,608 | (1,896) | - | 1,712 | |
| Changes in ownership interest in subsidiaries | - | - | 11,528 | 11,528 | |
| At September 30 | <u>\$ 980,296</u> | <u>\$ 1,905</u> | <u>\$ 13,921</u> | <u>\$ 996,122</u> | |
| | 2019 | | | | |
| | <u>Share premium</u> | <u>Employee stock options</u> | <u>Stock options</u> | <u>Others</u> | <u>Total</u> |
| At January 1 | \$ 959,959 | \$ 7,568 | \$ 503 | \$ 2,351 | \$ 970,381 |
| Exercise of employee stock options | 7,188 | (3,704) | - | - | 3,484 |
| Compensation cost of employee stock options | - | 754 | - | - | 754 |
| Changes in equity of associates and joint ventures accounted for using equity method | - | - | - | 223 | 223 |
| Conversion of convertible bonds | 7,500 | - | (503) | - | 6,997 |
| At September 30 | <u>\$ 974,647</u> | <u>\$ 4,618</u> | <u>\$ -</u> | <u>\$ 2,574</u> | <u>\$ 981,839</u> |

(16) 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. Also, special reserve shall be set aside or reversed as required by regulations or the Competent Authority. The remaining amount along with the prior years' unappropriated earnings shall be proposed by the Board of Directors and resolved by 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 the 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 and 2018 earnings appropriation resolved by the shareholders on May 27, 2020 and May 30, 2019, respectively are as follows:

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

The earnings appropriation for the years ended December 31, 2019 and 2018 listed above had no difference from that proposed by the Board of Directors on March 5, 2020 and February 18, 2019, respectively.

Information about the earnings distribution for 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.

(17) Operating revenue

| | <u>Three months ended September 30,</u> | |
|-------------------------------|---|----------------------|
| | <u>2020</u> | <u>2019</u> |
| Sales contract revenue | \$ 3,491,141 | \$ 2,207,767 |
| Construction contract revenue | 2,714,323 | 3,300,070 |
| Other contract revenue | 432,964 | 429,921 |
| Total | <u>\$ 6,638,428</u> | <u>\$ 5,937,758</u> |
| | <u>Nine months ended September 30,</u> | |
| | <u>2020</u> | <u>2019</u> |
| Sales contract revenue | \$ 9,010,554 | \$ 6,950,702 |
| Construction contract revenue | 7,597,246 | 9,240,502 |
| Other contract revenue | 1,316,527 | 1,352,880 |
| Total | <u>\$ 17,924,327</u> | <u>\$ 17,544,084</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:

| | <u>Three months ended September 30,</u> | |
|---|---|---------------------|
| | <u>2020</u> | <u>2019</u> |
| R&D and manufacturing of customized equipment | \$ 2,101,404 | \$ 1,414,792 |
| Sales and service of high-tech equipment and materials | 1,897,639 | 1,328,550 |
| Automatic supplying system | 1,490,426 | 1,188,548 |
| Total Facility Engineering Turnkey Project | 1,148,959 | 2,005,868 |
| Total | <u>\$ 6,638,428</u> | <u>\$ 5,937,758</u> |
| Timing of revenue recognition | | |
| At a point in time | \$ 3,638,152 | \$ 2,357,209 |
| Over time | 3,000,276 | 3,580,549 |
| Total | <u>\$ 6,638,428</u> | <u>\$ 5,937,758</u> |

| | Nine months ended September 30, | |
|---|---------------------------------|----------------------|
| | 2020 | 2019 |
| R&D and manufacturing of customized equipment | \$ 5,500,588 | \$ 4,866,086 |
| Sales and service of high-tech equipment and materials | 5,136,660 | 3,940,005 |
| Automatic supplying system | 4,005,382 | 3,457,801 |
| Total Facility Engineering Turnkey Project | 3,281,697 | 5,280,192 |
| Total | <u>\$ 17,924,327</u> | <u>\$ 17,544,084</u> |
| Timing of revenue recognition | | |
| At a point in time | \$ 9,473,393 | \$ 7,453,012 |
| Over time | 8,450,934 | 10,091,072 |
| Total | <u>\$ 17,924,327</u> | <u>\$ 17,544,084</u> |

B. Contract assets and liabilities

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

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> | <u>January 1, 2019</u> |
|--------------------------|---------------------------|--------------------------|---------------------------|------------------------|
| Contract assets: | | | | |
| Contract assets | | | | |
| – construction contracts | \$ 4,161,354 | \$ 4,095,623 | \$ 4,098,624 | \$ 4,229,541 |
| Contract liabilities: | | | | |
| Contract liabilities | \$ 2,575,522 | \$ 2,440,230 | \$ 1,897,270 | \$ 2,202,925 |
| – construction contracts | | | | |
| Contract liabilities | | | | |
| – sales contracts | 835,522 | 1,029,742 | 1,042,066 | 1,088,219 |
| Contract liabilities | | | | |
| – service contracts | 35,404 | 25,557 | 37,445 | 29,322 |
| | <u>\$ 3,446,448</u> | <u>\$ 3,495,529</u> | <u>\$ 2,976,781</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 September 30, | |
|---|----------------------------------|-------------------|
| | 2020 | 2019 |
| Revenue recognized that was included in the contract liability balance at the beginning of the period | | |
| Construction contracts | \$ 265,040 | \$ 268,184 |
| Sales contracts | 216,362 | 134,996 |
| Service contracts | 1,006 | 705 |
| | <u>\$ 482,408</u> | <u>\$ 403,885</u> |

| | Nine months ended September 30, | |
|---|---------------------------------|---------------------|
| | 2020 | 2019 |
| Revenue recognized that was included in the contract liability balance at the beginning of the period | | |
| Construction contracts | \$ 1,246,821 | \$ 1,545,142 |
| Sales contracts | 425,116 | 316,010 |
| Service contracts | 32,733 | 28,859 |
| | <u>\$ 1,704,670</u> | <u>\$ 1,890,011</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.

(18) Other gains and losses

| | Three months ended September 30, | |
|--|----------------------------------|-------------------|
| | 2020 | 2019 |
| Net (losses) gains on financial assets at fair value through profit or loss | (\$ 23,702) | \$ 12,691 |
| Foreign exchange losses | (25,581) | (15,021) |
| Other losses | (670) | (1,359) |
| Total | <u>(\$ 49,953)</u> | <u>(\$ 3,689)</u> |

| | Nine months ended September 30, | |
|---|---------------------------------|------------------|
| | 2020 | 2019 |
| Net gains on financial assets at fair value through profit or loss | \$ 21,127 | \$ 66,323 |
| Foreign exchange (losses) gains | (31,535) | 17,976 |
| Other losses | (5,627) | (4,124) |
| Total | <u>(\$ 16,035)</u> | <u>\$ 80,175</u> |

(19) Employee benefit expense, depreciation and amortisation

A. Employee benefit expense, depreciation and amortisation

| | <u>Three months ended September 30, 2020</u> | | |
|---|--|---------------------------|--------------|
| | <u>Operating costs</u> | <u>Operating expenses</u> | <u>Total</u> |
| Employee benefit expense | | | |
| Wages and salaries | \$ 203,538 | \$ 248,438 | \$ 451,976 |
| Compensation cost of employee stock options | - | 676 | 676 |
| Labour and health insurance fees | 12,203 | 12,638 | 24,841 |
| Pension costs | 9,025 | 9,309 | 18,334 |
| Other employee benefit expense | 7,361 | 6,768 | 14,129 |
| Depreciation | 47,773 | 29,795 | 77,568 |
| Amortisation | 2,524 | 2,704 | 5,228 |
| | <u>Three months ended September 30, 2019</u> | | |
| | <u>Operating costs</u> | <u>Operating expenses</u> | <u>Total</u> |
| Employee benefit expense | | | |
| Wages and salaries | \$ 173,393 | \$ 239,955 | \$ 413,348 |
| Compensation cost of employee stock options | - | 642 | 642 |
| Labour and health insurance fees | 15,950 | 18,139 | 34,089 |
| Pension costs | 12,075 | 12,489 | 24,564 |
| Other employee benefit expense | 6,182 | 6,853 | 13,035 |
| Depreciation | 47,922 | 33,957 | 81,879 |
| Amortisation | 1,932 | 1,870 | 3,802 |
| | <u>Nine months ended September 30, 2020</u> | | |
| | <u>Operating costs</u> | <u>Operating expenses</u> | <u>Total</u> |
| Employee benefit expense | | | |
| Wages and salaries | \$ 582,512 | \$ 755,895 | \$ 1,338,407 |
| Compensation cost of employee stock options | - | 1,183 | 1,183 |
| Labour and health insurance fees | 43,356 | 38,167 | 81,523 |
| Pension costs | 29,475 | 27,653 | 57,128 |
| Other employee benefit expense | 19,010 | 20,108 | 39,118 |
| Depreciation | 138,274 | 88,851 | 227,125 |
| Amortisation | 7,253 | 7,447 | 14,700 |

| | Nine months ended September 30, 2019 | | |
|---|--------------------------------------|--------------------|--------------|
| | Operating costs | Operating expenses | Total |
| Employee benefit expense | | | |
| Wages and salaries | \$ 529,806 | \$ 699,553 | \$ 1,229,359 |
| Compensation cost of employee stock options | - | 1,567 | 1,567 |
| Labour and health insurance fees | 50,553 | 51,920 | 102,473 |
| Pension costs | 37,267 | 36,379 | 73,646 |
| Other employee benefit expense | 17,842 | 20,776 | 38,618 |
| Depreciation | 156,715 | 93,102 | 249,817 |
| Amortisation | 5,836 | 6,452 | 12,288 |

B. Employees' compensation and directors' remuneration

- (a) According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall not be higher than 3% for directors' remuneration and shall be 1~15% for employees' compensation. If the company has accumulated deficit, earnings should be reserved to cover losses.
- (b) For the three months and nine months ended September 30, 2020 and 2019, employees' compensation and directors' remuneration are accrued as follows:

| | Three months ended September 30, | |
|-------------------------|----------------------------------|------------------|
| | 2020 | 2019 |
| Employees' compensation | \$ 33,869 | \$ 27,272 |
| Directors' remuneration | 3,387 | 2,728 |
| | <u>\$ 37,256</u> | <u>\$ 30,000</u> |
| | Nine months ended September 30, | |
| | 2020 | 2019 |
| Employees' compensation | \$ 100,050 | \$ 76,117 |
| Directors' remuneration | 10,005 | 7,612 |
| | <u>\$ 110,055</u> | <u>\$ 83,729</u> |

For the nine months ended September 30, 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 were in agreement with those amounts recognized in the 2019 financial statements, which were \$98,676 and \$9,868, respectively.

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.

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

| | <u>Three months ended September 30,</u> | |
|---|---|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Current tax | | |
| Current tax on profits for the period | \$ 83,532 | \$ 54,525 |
| Adjustments in respect of prior period | (20) | 1,106 |
| Total current tax | 83,512 | 55,631 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (1,994) | 13,145 |
| Income tax expense | <u>\$ 81,518</u> | <u>\$ 68,776</u> |
| | <u>Nine months ended September 30,</u> | |
| | <u>2020</u> | <u>2019</u> |
| Current tax | | |
| Current tax on profits for the period | \$ 238,139 | \$ 161,000 |
| Tax on undistributed surplus earnings | 3,014 | 7,449 |
| Adjustments in respect of prior period | (17,042) | (20,916) |
| Total current tax | 224,111 | 147,533 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (5,377) | 27,607 |
| Income tax expense | <u>\$ 218,734</u> | <u>\$ 175,140</u> |

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

| | <u>Three months ended September 30,</u> | |
|--|---|-----------------|
| | <u>2020</u> | <u>2019</u> |
| Currency translation differences of foreign operations | <u>(\$ 4,706)</u> | <u>\$ 8,293</u> |
| | <u>Nine months ended September 30,</u> | |
| | <u>2020</u> | <u>2019</u> |
| Currency translation differences of foreign operations | <u>(\$ 1,200)</u> | <u>\$ 2,819</u> |

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

| | <u>Assessment</u> |
|---------------------------|-------------------|
| The Company | Through 2017 |
| eZoom Information, Inc. | Through 2018 |
| ADAT Technology CO., LTD. | " |

(21) Earnings per share

| | <u>Three months ended September 30, 2020</u> | | |
|---|--|---|--|
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Earnings per share (in dollars)</u> |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 234,127 | 187,129 | <u>\$ 1.26</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employee stock options | | 200 | |
| Employees' compensation | <u>-</u> | <u>967</u> | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 234,127</u> | <u>188,296</u> | <u>\$ 1.24</u> |
| | <u>Three months ended September 30, 2019</u> | | |
| | <u>Amount after tax</u> | <u>Weighted average number of ordinary shares outstanding (shares in thousands)</u> | <u>Earnings per share (in dollars)</u> |
| <u>Basic earnings per share</u> | | | |
| Profit attributable to ordinary shareholders of the parent | \$ 196,960 | 186,047 | <u>\$ 1.06</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 1 | 96 | |
| Employee stock options | - | 436 | |
| Employees' compensation | <u>-</u> | <u>1,522</u> | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 196,961</u> | <u>188,101</u> | <u>\$ 1.05</u> |

| Nine months ended September 30, 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 | \$ 709,958 | 187,048 | \$ <u>3.80</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employee stock options | - | 189 | |
| Employees' compensation | - | <u>1,276</u> | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 709,958</u> | <u>188,513</u> | <u>\$ 3.77</u> |

| Nine months ended September 30, 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 | \$ 537,629 | 185,843 | \$ <u>2.89</u> |
| <u>Diluted earnings per share</u> | | | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Convertible bonds | 75 | 310 | |
| Employee stock options | - | 445 | |
| Employees' compensation | - | <u>1,879</u> | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | <u>\$ 537,704</u> | <u>188,477</u> | <u>\$ 2.85</u> |

(22) Business combinations

- A. On May 4, 2020, the Group acquired 100% of the share capital of Spiro Technology Systems Inc. for \$23,936 and obtained control over Spiro Technology Systems Inc., a components of semi-conductor equipment dealer operating in the United States. The Group expects to reduce the future cost of material purchases after the acquisition.
- B. The following table summarises the consideration paid for Spiro Technology Systems Inc. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

| | <u>May 4, 2020</u> |
|--|--------------------|
| Purchase consideration | |
| Cash paid | <u>\$ 23,936</u> |
| Fair value of the identifiable assets acquired and liabilities assumed | |
| Cash | 20,636 |
| Accounts receivable | 2,901 |
| Inventories | 1,643 |
| Property, plant and equipment | 2 |
| Accounts payable | (751) |
| Other payables | (186) |
| Total identifiable net assets | <u>24,245</u> |
| Gain recognized from bargain purchase (recorded as 'other gains and losses') | <u>(\$ 309)</u> |

- C. The operating revenue included in the consolidated statement of comprehensive income since May 4, 2020 contributed by Spiro Technology Systems Inc. was \$10,781. Spiro Technology Systems Inc. also contributed loss before income tax of (\$984) over the same period. Had Spiro Technology Systems Inc. been consolidated from January 1, 2020, the consolidated statement of comprehensive income would show operating revenue of \$17,943,195 and profit before income tax of \$898,653.

(23) Supplemental cash flow information

Financing activities with no cash flow effects

| | <u>Nine months ended September 30,</u> | |
|--|--|------------------|
| | <u>2020</u> | <u>2019</u> |
| Convertible bonds converted to capital stock | <u>\$ -</u> | <u>\$ 11,859</u> |

(24) Changes in liabilities from financing activities

| | 2020 | | | |
|--|--------------------------|------------------------------|-----------------------------|--|
| | <u>Lease liabilities</u> | <u>Short-term borrowings</u> | <u>Long-term borrowings</u> | <u>Liabilities from financing activities-gross</u> |
| At January 1 | \$ 941,324 | \$3,048,408 | \$ 200,000 | \$ 4,189,732 |
| Changes in cash flow from financing activities | (68,527) | 372,954 | - | 304,427 |
| Impact of changes in foreign exchange rate | (286) | (8,260) | - | (8,546) |
| Changes in other non-cash items | <u>117,965</u> | <u>-</u> | <u>-</u> | <u>117,965</u> |
| At September 30 | <u>\$ 990,476</u> | <u>\$3,413,102</u> | <u>\$ 200,000</u> | <u>\$ 4,603,578</u> |
| | 2019 | | | |
| | <u>Lease liabilities</u> | <u>Short-term borrowings</u> | <u>Long-term borrowings</u> | <u>Liabilities from financing activities-gross</u> |
| At January 1 | \$ 1,008,742 | \$2,635,425 | \$ 200,000 | \$ 3,844,167 |
| Changes in cash flow from financing activities | (89,108) | 990,871 | - | 901,763 |
| Impact of changes in foreign exchange rate | (1,995) | (16,716) | - | (18,711) |
| Changes in other non-cash items | <u>28,465</u> | <u>-</u> | <u>-</u> | <u>28,465</u> |
| At September 30 | <u>\$ 946,104</u> | <u>\$3,609,580</u> | <u>\$ 200,000</u> | <u>\$ 4,755,684</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 44.60% of the shares of the Company. The remaining 55.40% 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 Component (Beijing) Co., Ltd. | Other related party |
| Chung-Hsin Precision Machinery Co., Ltd. | " |
| Hon Hai Precision Industry Co., Ltd. | " |
| Chung-Hsin Electric & Machinery Mfg. Corp. | " |
| Hong Kong Ennower Information Technology Co., Limited | " |
| PEROBOT CO., LTD. | " |
| 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. | " |
| ProbeLeader Co., Ltd. | " |
| Ennoconn Corporation | 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 September 30,</u> | |
|--|---|-----------------|
| | <u>2020</u> | <u>2019</u> |
| Other related parties | \$ 99,285 | \$ - |
| Entities controlled by key management or entities with significant influence | <u>-</u> | <u>4,135</u> |
| | <u>\$ 99,285</u> | <u>\$ 4,135</u> |
| | <u>Nine months ended September 30,</u> | |
| | <u>2020</u> | <u>2019</u> |
| Other related parties | \$ 99,303 | \$ - |
| Entities controlled by key management or entities with significant influence | <u>154</u> | <u>4,616</u> |
| | <u>\$ 99,457</u> | <u>\$ 4,616</u> |

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

(b) Construction contract revenue

| | <u>Three months ended September 30,</u> | |
|--|---|-------------------|
| | <u>2020</u> | <u>2019</u> |
| Entities controlled by key management or entities with significant influence | \$ 1,241 | \$ 45,571 |
| Other related parties | <u>10,959</u> | <u>35,972</u> |
| Total | <u>\$ 12,200</u> | <u>\$ 81,543</u> |
| | <u>Nine months ended September 30,</u> | |
| | <u>2020</u> | <u>2019</u> |
| Entities controlled by key management or entities with significant influence | \$ 6,968 | \$ 278,009 |
| Other related parties | <u>10,961</u> | <u>250,691</u> |
| Total | <u>\$ 17,929</u> | <u>\$ 528,700</u> |

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

ii. As of September 30, 2020, December 31, 2019 and September 30, 2019, contract price and priced contract of unfinished construction are as follows:

| | September 30, 2020 | | December 31, 2019 | |
|---|--------------------------------------|--------------------|--------------------------------------|--------------------|
| | Total contract price (before tax) | Priced contract | Total contract price (before tax) | Priced contract |
| Other related parties | \$ 464,621 | \$ 447,673 | \$ 472,068 | \$ 453,351 |
| Associates | 19,516 | 10,316 | 19,516 | 10,316 |
| Entities controlled by key management or entities with significant influence | 397,938 | 303,607 | 415,672 | 162,711 |
| Total | <u>\$ 882,075</u> | <u>\$ 761,596</u> | <u>\$ 907,256</u> | <u>\$ 626,378</u> |

| | September 30, 2019 | |
|---|--------------------------------------|--------------------|
| | Total contract price (before tax) | Priced contract |
| Other related parties | \$ 482,167 | \$ 438,800 |
| Associates | 19,516 | 10,316 |
| Entities controlled by key management or entities with significant influence | 424,691 | 113,501 |
| Total | <u>\$ 926,374</u> | <u>\$ 562,617</u> |

(c) Other contract revenue

| | Three months ended September 30, | |
|------------|----------------------------------|-----------------|
| | 2020 | 2019 |
| Associates | <u>\$ 1,366</u> | <u>\$ 5,974</u> |

| | Nine months ended September 30, | |
|---|---------------------------------|-----------------|
| | 2020 | 2019 |
| Associates | \$ 2,177 | \$ 8,763 |
| Entities controlled by key management or entities with significant influence | 120 | 26 |
| Total | <u>\$ 2,297</u> | <u>\$ 8,789</u> |

Other contract revenue from related parties and non-related parties are collected based on the general service contract 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

| | <u>Three months ended September 30,</u> | |
|--|---|------------------|
| | <u>2020</u> | <u>2019</u> |
| Entities controlled by key management or entities with significant influence | \$ 1,547 | \$ 2,001 |
| Other related parties | <u>256</u> | <u>-</u> |
| Total | <u>\$ 1,803</u> | <u>\$ 2,001</u> |
| | <u>Nine months ended September 30,</u> | |
| | <u>2020</u> | <u>2019</u> |
| Entities controlled by key management or entities with significant influence | \$ 2,921 | \$ 3,625 |
| Other related parties | <u>343</u> | <u>6,936</u> |
| Total | <u>\$ 3,264</u> | <u>\$ 10,561</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

| | <u>Three months ended September 30,</u> | |
|--|---|-----------------|
| | <u>2020</u> | <u>2019</u> |
| Entities controlled by key management or entities with significant influence | \$ 32 | \$ - |
| Other related parties | <u>-</u> | <u>86</u> |
| Total | <u>\$ 32</u> | <u>\$ 86</u> |
| | <u>Nine months ended September 30,</u> | |
| | <u>2020</u> | <u>2019</u> |
| Entities controlled by key management or entities with significant influence | \$ 2,943 | \$ 4,443 |
| Other related parties | <u>125</u> | <u>162</u> |
| Total | <u>\$ 3,068</u> | <u>\$ 4,605</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 construction depending on the construction contracts or individual agreements.

C. Receivables from related parties

Accounts receivable

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|--|---------------------------|--------------------------|---------------------------|
| Other related parties | \$ 118,420 | \$ 132,582 | \$ 138,869 |
| Entities controlled by key management or entities with significant influence | 36,966 | 96,936 | 52,010 |
| Ultimate parent company | - | 59 | - |
| Subtotal | <u>155,386</u> | <u>229,577</u> | <u>190,879</u> |
| Less: Loss allowance | (7) | (2) | (1) |
| Total | <u>\$ 155,379</u> | <u>\$ 229,575</u> | <u>\$ 190,878</u> |

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

D. Payables to related parties

Notes payable

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|--|---------------------------|--------------------------|---------------------------|
| Entities controlled by key management or entities with significant influence | \$ 3,802 | \$ 3,272 | \$ 5,367 |
| Other related parties | <u>242</u> | <u>-</u> | <u>80</u> |
| Total | <u>\$ 4,044</u> | <u>\$ 3,272</u> | <u>\$ 5,447</u> |

Accounts payable

| | <u>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 2019</u> |
|--|---------------------------|--------------------------|---------------------------|
| Entities controlled by key management or entities with significant influence | \$ 3,749 | \$ 5,637 | \$ 4,993 |
| Other related parties | <u>2,613</u> | <u>2,463</u> | <u>3,140</u> |
| Total | <u>\$ 6,362</u> | <u>\$ 8,100</u> | <u>\$ 8,133</u> |

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

E. Property transactions

For the three months and nine months ended September 30, 2020 and 2019, the Group has acquired computer equipment and related software from entities controlled by key management and the acquisition price was \$2,611, \$2,155, \$10,648 and \$10,284 (recorded as ‘property, plant and equipment’ and ‘intangible assets’), respectively.

(4) Key management compensation

| | Three months ended September 30, | |
|---|----------------------------------|-----------|
| | 2020 | 2019 |
| Salaries and other short-term employee benefits | \$ 34,856 | \$ 31,024 |

| | Nine months ended September 30, | |
|---|---------------------------------|-----------|
| | 2020 | 2019 |
| Salaries and other short-term employee benefits | \$ 98,362 | \$ 91,523 |

8. PLEDGED ASSETS

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

| Pledged asset | Book value | | | Purpose |
|--|--------------------|-------------------|--------------------|--|
| | September 30, 2020 | December 31, 2019 | September 30, 2019 | |
| Restricted time deposits (recorded as 'other current assets') | \$ 93,165 | \$ 46,677 | \$ 63,962 | Performance guarantee and other guarantee |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets') | 170,218 | 124,268 | 86,423 | Bid bond and performance guarantee |
| Buildings and structures (recorded as 'property, plant and equipment') | 12,884 | 13,821 | 14,034 | Guarantee for bank's borrowing facility |
| | <u>\$ 276,267</u> | <u>\$ 184,766</u> | <u>\$ 164,419</u> | |

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT
COMMITMENTS

Commitments

As of September 30, 2020, the notes and letters of guarantee used for construction performance and custom security amounted to \$2,057,390.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company issued the 4th domestic unsecured convertible bonds as resolved by the Board of Directors on September 30, 2020, but yet to be approved by the regulatory authority. The terms and conditions are as follows:

- A. Total issuance amount: \$1,500,000
- B. Issuance period: 3 years
- C. Coupon rate: 0%
- D. Other terms of conversion and redemption method shall be conducted in accordance with the relevant regulations and will be announced separately upon approval of the regulatory authority.

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>September 30, 2020</u> | <u>December 31, 2019</u> | <u>September 30, 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 | \$ 641,669 | \$ 590,466 | \$ 552,248 |
| Financial assets at amortised cost | | | |
| /Loans and receivables | | | |
| Cash and cash equivalents | 3,029,481 | 2,560,943 | 2,073,971 |
| Notes receivable | 38,544 | 157,693 | 220,863 |
| Accounts receivable (including related parties) | 4,697,680 | 5,035,212 | 4,516,512 |
| Other accounts receivable | 18,948 | 10,542 | 20,746 |
| Restricted time deposits (recorded as 'other current assets') | 93,165 | 46,677 | 63,962 |
| Guarantee deposits paid (recorded as 'other current assets' and 'other non-current assets') | 227,852 | 182,643 | 143,365 |
| | <u>\$ 8,747,339</u> | <u>\$ 8,584,176</u> | <u>\$ 7,591,667</u> |
| <u>Financial liabilities</u> | | | |
| Financial liabilities measured at fair value through profit or loss | | | |
| Short-term borrowings | \$ 3,413,102 | \$ 3,048,408 | \$ 3,609,580 |
| Notes payable (including related parties) | 1,051,485 | 954,474 | 991,807 |
| Accounts payable (including related parties) | 3,764,428 | 4,236,176 | 3,746,665 |
| Other accounts payable | 451,125 | 509,591 | 378,248 |
| Long-term borrowings | 200,000 | 200,000 | 200,000 |
| Guarantee deposits received (recorded as 'other non-current liabilities') | 78 | 91 | 78 |
| | <u>\$ 8,880,218</u> | <u>\$ 8,948,740</u> | <u>\$ 8,926,378</u> |
| Lease liability | <u>\$ 990,476</u> | <u>\$ 941,324</u> | <u>\$ 946,104</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:

| September 30, 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 | \$ 68,949 | 29.10 | \$ 2,006,411 | 1% | \$ 20,064 | \$ - |
| USD : RMB | 23,190 | 6.8168 | 674,843 | 1% | 6,748 | - |
| USD : KRW | 1,360 | 1,159 | 39,564 | 1% | 396 | - |
| EUR : NTD | 10,978 | 34.15 | 374,913 | 1% | 3,749 | - |
| JPY : NTD | 1,475,086 | 0.2756 | 406,534 | 1% | 4,065 | - |
| JPY : RMB | 139,140 | 0.0646 | 38,347 | 1% | 383 | - |
| USD : IDR | 1,161 | 33,799 | 33,799 | 1% | 338 | - |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 14,981 | 29.10 | \$ 435,961 | 1% | \$ 4,360 | \$ - |
| USD : RMB | 9,002 | 6.8168 | 261,950 | 1% | 2,620 | - |
| JPY : NTD | 231,197 | 0.2756 | 63,718 | 1% | 637 | - |

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 | - |

September 30, 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 | \$ 47,786 | 31.02 | \$ 1,482,328 | 1% | \$ 14,823 | \$ - |
| USD : RMB | 14,044 | 7.1214 | 435,649 | 1% | 4,356 | - |
| EUR : NTD | 10,611 | 33.87 | 359,384 | 1% | 3,594 | - |
| JPY : NTD | 1,178,563 | 0.2877 | 339,072 | 1% | 3,391 | - |
| JPY : RMB | 128,450 | 0.0660 | 36,955 | 1% | 370 | - |
| RMB : NTD | 7,344 | 4.3559 | 31,990 | 1% | 320 | - |
| USD : MMK | 1,219 | 1,532 | 37,799 | 1% | 378 | - |
| USD : IDR | 1,178 | 13,910 | 36,542 | 1% | 365 | - |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD : NTD | \$ 3,767 | 31.02 | \$ 116,860 | 1% | \$ 1,169 | \$ - |
| USD : RMB | 12,234 | 7.1214 | 379,496 | 1% | 3,795 | - |
| JPY : NTD | 133,572 | 0.2877 | 38,429 | 1% | 384 | - |

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

| Three months ended September 30, 2020 | | | |
|---|---------------|------------------|-------------|
| Exchange gain (loss) | | | |
| Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | - | 29.10 | (\$ 13,695) |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | - | 29.10 | \$ 3,580 |
| Three months ended September 30, 2019 | | | |
| Exchange gain (loss) | | | |
| Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| EUR : NTD | - | 33.87 | (\$ 11,538) |
| EUR : USD | (32) | 0.9159 | (988) |
| USD : RMB | 789 | 7.1214 | 3,162 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : RMB | (\$ 1,194) | 7.1214 | (\$ 4,996) |
| Nine months ended September 30, 2020 | | | |
| Exchange gain (loss) | | | |
| Foreign currency amount (In thousands) | Exchange rate | Book value (NTD) | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | - | 29.10 | (\$ 39,253) |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : NTD | - | 29.10 | \$ 8,372 |

| Nine months ended September 30, 2019 | | | |
|--------------------------------------|--------------------------|---------------|------------------|
| Exchange gain (loss) | | | |
| | Foreign currency | | Book value (NTD) |
| | amount (In thousands) | Exchange rate | |
| <u>Financial assets</u> | | | |
| <u>Monetary items</u> | | | |
| EUR : NTD | \$ - | 33.87 | (\$ 7,779) |
| EUR : USD | (277) | 0.9159 | (8,598) |
| USD : RMB | 2,440 | 7.1214 | 10,628 |
| <u>Financial liabilities</u> | | | |
| <u>Monetary items</u> | | | |
| USD : RMB | (\$ 2,445) | 7.1214 | (\$ 10,652) |

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2020 and 2019 would have increased/decreased by \$4,377 and \$4,196, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk. For the nine months ended September 30, 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 nine months ended September 30, 2020 and 2019 would have decreased/increased by \$28,905 and \$30,477, 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 its 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 a provision matrix based on the loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On September 30, 2020, December 31, 2019 and September 30, 2019, the Group has no written-off financial assets that are still under recourse procedures.

viii. The Group used the forecast ability of global boom information to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including related parties). On September 30, 2020, December 31, 2019 and September 30, 2019, the provision matrix and loss rate methodology are as follows:

(i) Accounts receivable in relation to construction

| <u>September 30, 2020</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|---------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0%~0.0339% | \$ 1,802,227 | \$ 71 |
| Up to 90 days | 0%~0.2691% | 213,533 | 198 |
| 91 to 180 days | 0%~0.3458% | 104,249 | 355 |
| 181 to 365 days | 0%~0.5602% | 177,093 | 518 |
| 1 to 2 years | 0%~47.474% | 195,720 | 5,070 |
| Over 2 years | 100% | 135,731 | 135,731 |
| Total | | <u>\$ 2,628,553</u> | <u>\$ 141,943</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>September 30, 2019</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|---------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0%~0.0034% | \$ 1,373,727 | \$ 267 |
| Up to 90 days | 0%~0.0356% | 700,228 | 135 |
| 91 to 180 days | 0%~0.0418% | 127,565 | 11 |
| 181 to 365 days | 0%~0.0923% | 307,467 | 84 |
| 1 to 2 years | 0%~45.7115% | 146,504 | 1,307 |
| Over 2 years | 100% | 120,595 | 120,595 |
| Total | | <u>\$ 2,776,086</u> | <u>\$ 122,399</u> |

(ii) Accounts receivable in relation to sales

| <u>September 30, 2020</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|---------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0%~0.1322% | \$ 1,700,471 | \$ 1,836 |
| Up to 90 days | 0%~10.6044% | 202,274 | 2,805 |
| 91 to 180 days | 0%~22.4121% | 4,080 | 162 |
| 181 to 365 days | 0%~64.9864% | 40,913 | 7,250 |
| Over 365 days | 100% | 81,381 | 81,381 |
| Total | | <u>\$ 2,029,119</u> | <u>\$ 93,434</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>September 30, 2019</u> | <u>Expected loss rate</u> | <u>Total book value</u> | <u>Loss allowance</u> |
|---------------------------|---------------------------|-------------------------|-----------------------|
| Not past due | 0%~0.0315% | \$ 1,327,343 | \$ 50 |
| Up to 90 days | 0%~0.9871% | 243,773 | 44 |
| 91 to 180 days | 0%~0.9871% | 26,744 | 7 |
| 181 to 365 days | 0%~41.1485% | 91,374 | 6,466 |
| Over 365 days | 100% | 72,001 | 72,001 |
| Total | | <u>\$ 1,761,235</u> | <u>\$ 78,568</u> |

(iii) Based on historical experience, the Group applies individual assessment to evaluate expected credit loss of the high-credit risk customers. On September 30, 2020, December 31, 2019 and September 30, 2019, accounts receivable and loss allowance amounted to \$582,747 and \$511,605, \$516,216 and \$414,212, \$442,600 and \$408,615, 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 September 30, 2020, December 31, 2019 and September 30, 2019, notes and accounts receivable and loss allowance amounted to \$242,878 and \$91, \$334,423 and \$91, \$367,127 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:

| | <u>Nine months ended</u> | | <u>Nine months ended</u> | |
|----------------------------|----------------------------|----------------|----------------------------|----------------|
| | <u>September 30, 2020</u> | | <u>September 30, 2019</u> | |
| | <u>Accounts receivable</u> | | <u>Accounts receivable</u> | |
| At January 1 | \$ | 605,847 | \$ | 615,679 |
| Provision for impairment | | 161,939 | | 12,868 |
| Write-offs | (| 13,586) | (| 10,612) |
| Effect of foreign exchange | (| 7,127) | (| 8,262) |
| At September 30 | <u>\$</u> | <u>747,073</u> | <u>\$</u> | <u>609,673</u> |

For provisioned loss for the nine months ended September 30, 2020 and 2019, the impairment loss arising from customers' contracts are \$161,939 and \$12,868, 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 no undrawn borrowing facilities.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities.

Non-derivative financial liabilities

| <u>September 30, 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 | \$ 3,422,620 | \$ - | \$ - | \$ - |
| Notes payable (including related parties) | 1,051,485 | - | - | - |
| Accounts payable (including related parties) | 3,764,428 | - | - | - |
| Other payables | 451,125 | - | - | - |
| Long-term borrowings | 1,748 | 200,437 | - | - |
| Lease liability | 107,962 | 82,260 | 156,400 | 960,014 |

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

(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 on 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 on the nature of the assets is as follows:

| <u>September 30, 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 | \$ 123,040 | \$ - | \$ 481,618 | \$ 604,658 |
| Beneficiary certificates | - | - | 7,801 | 7,801 |
| Hybrid instruments | - | - | 29,210 | 29,210 |
| Total | <u>\$ 123,040</u> | <u>\$ -</u> | <u>\$ 518,629</u> | <u>\$ 641,669</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</u> | | | | |
| <u>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>September 30, 2019</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
| Assets: | | | | |
| <u>Recurring fair value</u> | | | | |
| <u>measurements</u> | | | | |
| Financial assets at fair value | | | | |
| through profit or loss | | | | |
| Equity securities | \$ 58,200 | \$ - | \$ 458,248 | \$ 516,448 |
| Beneficiary certificates | - | - | 2,757 | 2,757 |
| Hybrid instruments | - | - | 33,043 | 33,043 |
| Total | <u>\$ 58,200</u> | <u>\$ -</u> | <u>\$ 494,048</u> | <u>\$ 552,248</u> |

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

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

- D. For the nine months ended September 30, 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 nine months ended September 30, 2020 and 2019:

| | Nine months ended September 30, | | | |
|---|---|--------------------|---|--------------------|
| | 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 | 27,582 | 16,789 | 50,867 | 12,313 |
| Sold in the period | (10,750) | - | - | - |
| Gains and losses recognized in profit or loss (Note) | (4,791) | (20,622) | 30,314 | (2,922) |
| At September 30 | <u>\$ 489,419</u> | <u>\$ 29,210</u> | <u>\$ 461,005</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>(\$ 4,790)</u> | <u>(\$ 20,622)</u> | <u>\$ 30,314</u> | <u>(\$ 2,916)</u> |

Note: Recorded as non-operating income and expense.

- F. For the nine months ended September 30, 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 on significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

| | Fair value at September 30, 2020 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|--|-----------------------------------|--------------------------------------|--------------------------------|--|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 451,152 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| Venture capital shares and beneficiary certificates | 38,267 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond | 29,210 | 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 and beneficiary certificates | 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 September 30, 2019 | Valuation technique | Significant unobservable input | Range (weighted average) | Relationship of inputs to fair value |
|---|--|-----------------------------|--------------------------------------|--------------------------------|--|
| Non-derivative equity instrument: | | | | | |
| Unlisted shares | \$ 422,923 | Market comparable companies | Note 1 | Not applicable | Note 2 |
| Venture capital shares and beneficiary certificates | 38,082 | Net asset value | Not applicable | Not applicable | Not applicable |
| Hybrid instrument: | | | | | |
| Convertible bond | 33,043 | Market comparable companies | Note 1 | Not applicable | Note 2 |

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 on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

| | | September 30, 2020 | | | | |
|---|----------------------------|---------------------------------|-----------------------|---|-----------------------|------|
| | | Recognized in profit or loss | | Recognized in other comprehensive income | | |
| Input | Change | Favorable change | Unfavorable change | Favorable change | Unfavorable change | |
| Financial assets | | | | | | |
| Equity instruments and beneficiary certificates | Stock price and fair value | ± 10% | \$ 48,492 | (\$ 48,492) | \$ - | \$ - |

| | | | December 31, 2019 | | | |
|---|----------------------------------|--------|---------------------------------|-----------------------|---|-----------------------|
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | Input | Change | Favorable change | Unfavorable change | Favorable change | Unfavorable change |
| Financial assets | | | | | | |
| Equity instruments and beneficiary certificates | Stock price and fair value | ± 10% | \$ 47,738 | (\$ 47,738) | \$ - | \$ - |
| | | | September 30, 2019 | | | |
| | | | Recognized in profit or loss | | Recognized in other comprehensive income | |
| | Input | Change | Favorable change | Unfavorable change | Favorable change | Unfavorable change |
| Financial assets | | | | | | |
| Equity instruments | Stock price | ± 10% | \$ 46,101 | (\$ 46,101) | \$ - | \$ - |

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 5.

(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 nine months ended September 30, 2020 and 2019 is as follows:

| Nine months ended September 30, 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 | \$ 3,752,273 | \$ 8,671,301 | \$ 5,500,631 | \$ 122 | \$ 17,924,327 |
| Inter-segment revenue | 111,477 | 158,066 | 26,120 | 3,292 | 298,955 |
| Total segment revenue | \$ 3,863,750 | \$ 8,829,367 | \$ 5,526,751 | \$ 3,414 | \$ 18,223,282 |
| Segment profit (loss) | \$ 409,572 | \$ 84,766 | \$ 415,809 | (\$ 3,620) | \$ 906,527 |
| Segment profit including: Depreciation and amortisation | \$ 25,937 | \$ 65,485 | \$ 147,611 | \$ 2,792 | \$ 241,825 |

| Nine months ended September 30, 2019 | | | | | |
|---|--|---|---|----------------|---------------|
| | Sales and services for equipment materials segment | Facility system and mechanic & electric system service segment | Customized equipment manufacturing segment | Other segments | Total |
| Revenue from external customers | \$ 2,892,667 | \$ 9,785,616 | \$ 4,865,801 | \$ - | \$ 17,544,084 |
| Inter-segment revenue | 105,063 | 113,724 | 8,085 | 3,678 | 230,550 |
| Total segment revenue | \$ 2,997,730 | \$ 9,899,340 | \$ 4,873,886 | \$ 3,678 | \$ 17,774,634 |
| Segment profit (loss) | \$ 296,852 | (\$ 16,798) | \$ 308,913 | (\$ 3,511) | \$ 585,456 |
| Segment profit including: Depreciation and amortisation | \$ 30,884 | \$ 110,922 | \$ 117,365 | \$ 2,934 | \$ 262,105 |

(4) Reconciliation for segment income (loss)

Sales and services between segments are carried out at arm's length. The revenue and financial information from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax from continuing operations for the nine months ended September 30, 2020 and 2019 is provided as follows:

| | Nine months ended September 30, | |
|--|---------------------------------|------------|
| | 2020 | 2019 |
| Reportable segments income | \$ 910,147 | \$ 588,967 |
| Other reportable segments loss | (3,620) | (3,511) |
| Total segments | 906,527 | 585,456 |
| Other gains and losses | 43,964 | 170,179 |
| Finance costs | (53,321) | (64,891) |
| Income before tax from continuing operations | \$ 897,170 | \$ 690,744 |

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Loans to others

For the nine months ended September 30, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

| No. (Note 1) | Creditor | Borrower | General ledger account (Note 2) | Is a related party | Maximum outstanding balance during the nine months ended September 30, 2020 (Note 3) | Balance at September 30, 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 | \$ 21,825 | \$ 21,825 | 4.616 | Short-term financing | \$ - | Operations | \$ - | None | - | \$ 2,418,102 | \$ 2,418,102 | Note 7 |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | Other receivables | Y | 20,570 | 19,788 | - | 4.616 | Short-term financing | - | Operations | - | None | - | 2,418,102 | 2,418,102 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | Other receivables | Y | 51,695 | 51,266 | 51,266 | 4.785 | Short-term financing | - | Operations | - | None | - | 197,487 | 394,974 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | Fuzhou Jiwei System Integrated Co., Ltd. | Other receivables | Y | 2,150 | 2,134 | 2,134 | 4.785 | Short-term financing | - | Operations | - | None | - | 394,974 | 394,974 | Note 7 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (WuXi) Co., Ltd. | Other receivables | Y | 42,999 | 42,689 | 42,689 | 4.785 | Short-term financing | - | Operations | - | None | - | 394,974 | 394,974 | Note 7 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech China Trading (Shanghai) Co., Ltd. | Other receivables | Y | 34,591 | 29,882 | 29,882 | 4.785 | Short-term financing | - | Operations | - | None | - | 358,625 | 358,625 | Note 7 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech (WuXi) Co., Ltd. | Other receivables | Y | 42,999 | 42,689 | 42,689 | 4.785 | Short-term financing | - | Operations | - | None | - | 358,625 | 358,625 | Note 7 |
| 3 | MIC-Tech Viet Nam Co., Ltd. | Marketech Co., Ltd. | Other receivables | Y | 4,060 | - | - | - | Short-term financing | - | Operations | - | None | - | 19,459 | 19,459 | Note 7 |
| 4 | Marketech Integrated Manufacturing Company Limited | Marketech Integrated Construction Co., Ltd. | Other receivables | Y | 2,949 | 2,910 | 2,910 | 7.000 | Short-term financing | - | Operations | - | None | - | 152,575 | 305,150 | Note 7 |
| 5 | Marketech Co., Ltd. | MIC-Tech Viet Nam Co., Ltd. | Other receivables | Y | 13,225 | 12,995 | 12,995 | 4.500 | Short-term financing | - | Operations | - | None | - | 17,552 | 17,552 | Note 7 |

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

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

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

Note 3: Fill in the maximum outstanding balance of loans to others during the nine months ended September 30, 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.

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

- (1) Limit on the total loans to others provided by the Company's Myanmar subsidiaries is 80% of the net assets based on the latest financial statements of the lending companies.
- (2) Limit on the loans provided by the Company's Myanmar subsidiaries granted for a single party are as follows:
 - (2-1) Limit on loans to a single party with business transactions is the higher value of purchasing and selling during current year on the year of financing, and can't exceed the total business transactions amount within 12 month.
 - (2-2) For short-term financing between the Company's Myanmar subsidiary and the foreign companies which the ultimate parent company holds 100% of the voting rights directly or indirectly, limit on loans granted for a single party is 80% of the net assets based on the latest financial statements of the lending companies.
 - (2-3) For short-term financing between the Company's Myanmar subsidiaries and aforementioned associates, limit on loans granted for a single party is 40% of the net assets based on the latest financial statements of the lending companies. The amount of loans to a single party is the accumulated balance of the lending company's short-term financing for single party.

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

MARKETECH INTERNATIONAL CORP. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the nine months ended September 30, 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 4) | Maximum outstanding endorsement/ guarantee amount as of September 30, 2020 (Note 5) | Outstanding endorsement/ guarantee amount at September 30, 2020 (Note 6) | Actual amount drawn down (Note 7) | Amount of endorsements/ guarantees secured with collateral | Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company | Ceiling on total amount of endorsements/ guarantees provided (Note 4) | Provision of endorsements/ guarantees by parent company to subsidiary (Note 8) | 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 | \$ 3,022,628 | \$ 34,543 | \$ 17,087 | \$ 4,129 | \$ - | 0.28% | \$ 6,045,256 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | eZoom Information, Inc. | 2 | 3,022,628 | 60,000 | 60,000 | 13,105 | - | 0.99% | 6,045,256 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 2 | 3,022,628 | 332,750 | - | - | - | - | 6,045,256 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | Marketech International Sdn. Bhd. | 2 | 3,022,628 | 239,840 | 232,800 | 18,828 | - | 3.85% | 6,045,256 | Y | N | N | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (WuXi) Co., Ltd. | 2 | 3,022,628 | 314,307 | 310,409 | 187,160 | - | 5.13% | 6,045,256 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 2 | 3,022,628 | 885,360 | 699,850 | - | - | 11.58% | 6,045,256 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 2 | 3,022,628 | 1,696,667 | 1,452,376 | 791,021 | - | 24.03% | 6,045,256 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 2 | 3,022,628 | 528,055 | 357,459 | 201,306 | - | 5.91% | 6,045,256 | Y | N | Y | Note 4 |
| 0 | Marketech International Corp. | Te Chang Construction Co., Ltd. | 5 | 3,022,628 | 174,000 | 174,000 | 86,997 | - | 2.88% | 6,045,256 | N | N | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | Marketech International Corp. | 3 | 1,481,151 | 511,679 | 492,227 | 492,227 | - | 99.70% | 2,468,585 | N | Y | N | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (WuXi) Co., Ltd. | 4 | 1,481,151 | 8,406 | 8,346 | 8,346 | - | 1.69% | 2,468,585 | N | N | Y | Note 4 |
| 1 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (Shanghai) Corp. | 4 | 1,481,151 | 103,729 | - | - | - | - | 2,468,585 | N | N | Y | Note 4 |
| 2 | MIC-Tech (Shanghai) Corp. | MIC-Tech Electronics Engineering Corp. | 4 | 1,344,843 | 596,060 | 175,829 | 175,829 | - | 39.22% | 2,241,405 | N | N | Y | Note 4 |
| 3 | Marketech Co., Ltd. | MIC-Tech Viet Nam Co., Ltd. | 4 | 219,400 | 130,641 | 128,913 | 128,913 | - | 587.57% | 219,400 | N | N | N | 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.

Limit on endorsements and guarantees of the Company's Vietnam 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 10 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 10 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 10 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 nine months ended September 30, 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 September 30, 2020 | | | | | |
|--------------------------------|-------------------------------|---|--|--|--------------------------|---------------------|---------------|-------------------|------------|----------|
| | | | | | Number of shares | Book value (Note 2) | Ownership (%) | Fair value | Collateral | Footnote |
| Marketech International Corp. | Ordinary shares | Lasertec Corporation | None | Financial assets measured at fair value through profit or loss - current | 40,000 | \$ 94,916 | - | \$ 94,916 | None | |
| " | " | Solar Applied Materials Technology Corp. | " | " | 44,078 | 1,871 | - | 1,871 | " | |
| " | " | Aerospace Industrial Development Corp. | " | " | 50,925 | 1,444 | - | 1,444 | " | |
| | | | | | | <u>\$ 98,231</u> | | <u>\$ 98,231</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 | 24,809 | 0.14% | 24,809 | " | |
| " | " | WINGS GLOBAL TECHNOLOGY INC. | " | " | 750,000 | 9,400 | 18.75% | 9,400 | " | |
| " | " | Promos Technologies, Inc. | " | " | 250,331 | - | 0.56% | - | " | |
| " | " | Taiwan Puritic Corp. | " | " | 5,797,181 | 169,050 | 9.66% | 169,050 | " | |
| " | " | 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 | 22,066 | 1.41% | 22,066 | " | |
| " | " | H&D Venture Capital Investment Corp. | Entities controlled by key management or entities with significant influence | " | 13,333 | 133 | 6.67% | 133 | " | |
| " | " | Civil Tech Pte. Ltd. | None | " | 336,374 | - | 0.58% | - | " | |
| " | " | ProbeLeader Co., Ltd. | Entities controlled by key management or entities with significant influence | " | 966,000 | 12,475 | 3.46% | 12,475 | " | |
| " | " | 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 | 3,581 | 2.24% | 3,581 | " | |
| " | " | Long Time Technology Corp. | " | " | 346,000 | 5,997 | 0.29% | 5,997 | " | |
| " | " | Paradigm Venture Capital Corp. | " | " | 90,187 | 902 | 3.50% | 902 | " | |
| " | " | Taiwan Special Chemicals Corp. | " | " | 4,401,333 | 101,272 | 1.51% | 101,272 | " | |
| " | " | 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 | 1,743 | 19.01% | 1,743 | " | |
| " | " | Radisen Co., Ltd. | " | " | 87,803 | - | 19.36% | - | " | |
| " | " | Foresight Energy Technologies Co., Ltd. | " | " | 675,000 | 350 | 3.00% | 350 | " | |
| " | " | Mycopore Corporation, Ltd. | " | " | 1,471,000 | 23,548 | 8.44% | 23,548 | " | |
| " | " | STEK CO., LTD. | " | " | 432,900 | 32,438 | 6.34% | 32,438 | " | |
| " | " | 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. | " | " | 2,450,000 | 37,143 | 9.80% | 37,143 | " | |
| " | " | Renown Information Technology Corp. | " | " | 800,000 | 8,000 | 16.00% | 8,000 | " | |
| " | Convertible bonds | HALLYS CORPORATION | None | " | - | 108 | - | 108 | " | |
| " | " | Radisen Co., Ltd. | " | " | - | 24,368 | - | 24,368 | " | |
| " | " | Nitride Solutions Inc. | " | " | - | 4,734 | - | 4,734 | " | |
| " | Preferred stock | Adant Technologies Inc. | " | " | 174,520 | - | Note 3 | - | " | |
| " | " | Kinestral Technologies, Inc. | " | " | 501,532 | 24,089 | " | 24,089 | " | |
| " | Beneficiary certificates | Vertex Growth (SG) LP | " | " | - | 7,801 | - | 7,801 | " | |
| 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>\$ 543,438</u> | | <u>\$ 543,438</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 NT\$100 million or 20% of paid-in capital or more
 September 30, 2020

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

| Creditor | Counterparty | Relationship with the counterparty | Balance as at September 30, 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 Ennopower Information Technology Co., Limited | Other related parties | \$ 118,413 | Note 2 | \$ - | - \$ | - \$ | 7 |

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 nine months ended September 30, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

| Number (Note 1) | Company name | Counterparty | Relationship (Note 2) | Transaction | | | Percentage of consolidated total operating revenues or total assets (Note 3) |
|--------------------|---|---|--------------------------|--------------------------|----------|---|--|
| | | | | General ledger account | Amount | Transaction terms | |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Accounts receivable | \$ 8,024 | 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 prices 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 construction depending on the construction contracts or individual agreements. | 0.04% |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Sales revenue | 31,786 | | 0.18% |
| 0 | Marketech International Corp. | MIC-Tech (Shanghai) Corp. | 1 | Non-operating income | 5,613 | | 0.03% |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Other receivables | 5,560 | | 0.03% |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Construction revenue | 34,946 | | 0.19% |
| 0 | Marketech International Corp. | MIC-Tech Electronics Engineering Corp. | 1 | Non-operating income | 17,191 | | 0.10% |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Other receivables | 22,005 | | 0.11% |
| 0 | Marketech International Corp. | Marketech Integrated Pte. Ltd. | 1 | Sales revenue | 8,666 | | 0.05% |
| 0 | Marketech International Corp. | Marketech International Corporation USA | 1 | Construction revenue | 6,409 | | 0.04% |
| 1 | eZoom Information, Inc. | Marketech International Corp. | 2 | Services revenue | 51,824 | | 0.29% |
| 2 | Marketech Integrated Pte. Ltd. | Marketech International Corp. | 2 | Prepayment for purchases | 36,205 | 0.18% | |
| 3 | MIC-Tech Global Corp. | Marketech International Corp. | 2 | Sales revenue | 64,759 | 0.36% | |
| 3 | MIC-Tech Global Corp. | Marketech International Corp. | 2 | Accounts receivable | 9,854 | 0.05% | |
| 4 | Spiro Technology Systems Inc. | Marketech International Corp. | 2 | Sales revenue | 10,241 | 0.06% | |
| 4 | Spiro Technology Systems Inc. | Marketech International Corp. | 2 | Accounts receivable | 5,234 | 0.03% | |
| 5 | MIC-Tech Electronics Engineering Corp. | Shanghai Maohua Electronics Engineering Co., Ltd. | 3 | Other receivables | 51,226 | 0.26% | |
| 5 | MIC-Tech Electronics Engineering Corp. | MIC-Tech (WuXi) Co., Ltd. | 3 | Other receivables | 42,689 | 0.21% | |
| 6 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Accounts receivable | 24,723 | 0.12% | |
| 6 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Construction revenue | 52,202 | 0.29% | |
| 6 | Shanghai Maohua Electronics Engineering Co., Ltd. | MIC-Tech Electronics Engineering Corp. | 3 | Sales revenue | 6,957 | 0.04% | |
| 7 | MIC-Tech (Shanghai) Corp. | MIC-Tech China Trading (Shanghai) Co. Ltd. | 3 | Other receivables | 29,882 | 0.15% | |
| 7 | MIC-Tech (Shanghai) Corp. | MIC-Tech (WuXi) Co., Ltd. | 3 | Other receivables | 42,689 | 0.21% | |

Table 5-1

| 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) |
| 8 | Marketech Co., Ltd. | MIC-Tech Viet Nam Co., Ltd. | 3 | Other receivables | 13,008 | | 0.07% |

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 nine months ended September 30, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at September 30, 2020 | | | Net profit (loss) of the investee for the nine months ended September 30, 2020 | Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 (Note 1) | Footnote |
|-------------------------------|--|----------------|--|------------------------------------|---------------------------------|--------------------------------------|---------------|-------------|--|--|--------------------------|
| | | | | Balance as at September 30, 2020 | Balance as at December 31, 2019 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Marketech Integrated Pte. Ltd. | Singapore | Contracting for semiconductor automatic supply system | \$ 233,306 | \$ 215,087 | 10,085,678 | 100 | (\$ 40,016) | (\$ 8,495) | (\$ 8,495) | 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 | 1,284,296 | 62,431 | 62,431 | The Company's subsidiary |
| Marketech International Corp. | MIC-Tech Global Corp. | South Korea | International trade | 19,147 | 19,147 | 131,560 | 100 | 7,298 | 1,134 | 1,134 | The Company's subsidiary |
| Marketech International Corp. | Headquarter International Ltd. | Virgin Islands | Investment holding and reinvestment | 42,475 | 42,475 | 1,289,367 | 100 | 36,107 | (466) | (466) | 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 | 35,179 | (379) | (379) | The Company's subsidiary |
| Marketech International Corp. | Marketech Engineering Pte. Ltd. | Singapore | Contracting for electrical installing construction | 21,804 | 20,902 | 937,533 | 100 | 3,325 | (5,743) | (5,743) | 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 | 381,437 | (27,759) | (27,759) | 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 | 24,324 | (2,387) | (2,387) | 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 | 72,596 | 45,246 | - | 100 | 21,940 | (5,164) | (5,164) | 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 | 102,486 | (18,632) | (18,632) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Sdn.Bhd. | Malaysia | Specialized contracting and related repair services | 82,069 | 82,069 | 12,242,750 | 100 | 54,890 | (4,702) | (4,702) | The Company's subsidiary |
| Marketech International Corp. | Marketech International Corporation USA | USA | Specialized contracting and related repair services | 23,086 | 23,086 | 750,000 | 100 | 18,024 | 1,679 | 1,679 | The Company's subsidiary |

| Investor | Investee | Location | Main business activities | Initial investment amount (Note 2) | | Shares held as at September 30, 2020 | | | Net profit (loss) of the investee for the nine months ended September 30, 2020 | Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 (Note 1) | Footnote |
|-------------------------------------|---|----------------|---|------------------------------------|---------------------------------|--------------------------------------|---------------|------------|--|--|---|
| | | | | Balance as at September 30, 2020 | Balance as at December 31, 2019 | Number of shares | Ownership (%) | Book value | | | |
| Marketech International Corp. | Spiro Technology Syetems Inc. | USA | Specialized contracting and related repair services | \$ 23,936 | \$ - | \$ 1,000,000 | 100 | \$ 21,957 | (\$ 1,663) | (\$ 1,663) | The Company's subsidiary |
| Marketech International Corp. | ADAT Technology CO., LTD. | Taiwan | 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 | 20.43 | 6,133 | (32,042) | (6,998) | 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 | 34,096 | 2,078 | 2,078 | 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 | 3,231 | (5,920) | (5,920) | The Company's subsidiary |
| Marketech International Corp. | Smart Health Corp. | Taiwan | Smart medical consulting services and investment | 500 | 1,500 | 50,000 | 100 | 486 | (58) | (33) | The Company's subsidiary |
| Marketech International Corp. | Glory Technology Service Inc.. | Taiwan | Sale and installation of information and communication equipment | 42,714 | 42,714 | 5,968,371 | 29.24 | 66,040 | 7,649 | 2,237 | 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 | 1,827 | (33) | (7) | 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 | 18,976 | (2,636) | (1,024) | 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 | 1,282,836 | 62,547 | - | 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 | 2,381 | (5,767) | - | 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 | 318 | 11,811 | - | 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 | 4,998 | (74) | - | 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 | 39,016 | (20,290) | - | 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 | (4,061) | 1,293 | - | 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 | 11,318 | (7,102) | - | 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 | 29 | 2,078 | - | The investor's investee accounted for using equity method |

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

Note 2: Except for subsidiaries in Malaysia are translated at the current rate as of September 30, 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 nine months ended September 30, 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 nine months ended September 30, 2020 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020 (Note 3) | Net income of investee for the nine months ended September 30, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 (Note 2) | Book value of investments in Mainland China as of September 30, 2020 | Accumulated amount of investment income remitted back to Taiwan as of September 30, 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 equipmen; 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 | \$ 742,050 | Note1(2) | \$ 596,550 | \$ - | \$ - | \$ 596,550 | (\$ 29,085) | 100 | (\$ 28,665) | \$ 5,166 | \$ - | 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 | 239,813 | Note1(2) | 14,550 | - | - | 14,550 | 74,929 | 100 | 74,929 | 448,281 | - | Note 2 (2)B |
| Fuzhou Jiwei System Integrated Co., Ltd. | Installation and complete services of clean room, mechanical system, street pipe system | 8,730 | Note1(2) | 8,730 | - | - | 8,730 | (84) | 100 | (84) | (1,596) | - | 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 | 17,460 | Note1(2) | 17,547 | - | - | 17,547 | 13,623 | 87 | 11,852 | (2,389) | - | 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 | 512,713 | Note1(2) | 247,932 | - | - | 247,932 | (10,264) | 100 | (10,264) | 493,717 | - | Note 2 (2)B |

Table 7-1

| Investee in Mainland China | Main business activities | Paid-in capital (Note 3) | Investment method (Note 1) | Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020 (Note 3) | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2020 (Note 3) | | Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020 (Note 3) | Net income of investee for the nine months ended September 30, 2020 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognised by the Company for the nine months ended September 30, 2020 (Note 2) | Book value of investments in Mainland China as of September 30, 2020 | Accumulated amount of investment income remitted back to Taiwan as of September 30, 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 | \$ 67,163 | Note1(2) | \$ 26,865 | \$ - | \$ - | \$ 26,865 | (\$ 74) | 100 | (\$ 74) | \$ 4,979 | \$ - | 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. | 203,700 | Note1(2) | 113,490 | - | - | 113,490 | (20,280) | 60 | (12,168) | 38,288 | - | Note 2 (2)B |
| MIC-Tech China Trading (Shanghai) Co., Ltd. | Wholesale, commission agency and import and export of chemical products (except for hazardous chemicals, chemicals used in production of narcotic drugs and psychotropic substances and special chemicals), semiconductors, inspection equipment and its consumables, solar equipment consumables and boilers that generate electricity, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, consulting service for trading, installation, repair, and maintenance of automation equipment, electronic equipment, and their parts | 43,650 | Note1(2) | 43,650 | - | - | 43,650 | 9,964 | 100 | 9,964 | 28,464 | - | Note 2 (2)B |
| Macrotec Technology (Shanghai) Co., Ltd. | Wholesale, commission agency, import and export and other complementary service of electrical products, food, textile, commodities, cosmetics, valve switch, instrumentation, metal products, electrical equipment, International and entrepot trade, trading and trading agency among enterprises in customs bonded area, simple commercial processing in customs bonded area, and consulting service for trading in customs bonded area | 27,846 | Note1(2) | 8,752 | - | - | 8,752 | 1,293 | 31.43 | 406 | (4,065) | - | 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 | 34,920 | Note1(2) | 14,550 | - | - | 14,550 | (7,098) | 27.78 | (1,972) | 6,474 | - | 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) recognized by the Company for the nine months ended September 30, 2020' column:

- (1)It should be indicated if the investee was still in the incorporation arrangements and has not yet generated 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 were reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The financial statements were reviewed and attested by R.O.C. parent company's CPA.
 - C.Others - unreviewed financial statements.

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

2. Limit on investees in Mainland China

| Company name | Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 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 |
|-------------------------------|---|---|---|
| Marketech International Corp. | \$ 1,140,423 | \$ 1,900,723 | \$ 3,659,069 |

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

Note 2: The Company has sold WUXI Probeleader Electronics Co., Ltd. at the end of November 2011. As the accumulated investment was different from the investment collected back, the difference between accumulated amount of remittance from Taiwan to Mainland China as of September 30, 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 September 30, 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

September 30, 2020

Table 8

| Name of major shareholders | Shares | |
|---|---------------------|---------------|
| | Name of shares held | Ownership (%) |
| Ennoconn International Investment Co., Ltd. | 83,468,613 | 44.60 |
| JI-XUAN Investment Corp. | 11,005,795 | 5.88 |

Note 1: The major shareholders information was derived 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 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 be different from the actual number of share in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio includes 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.