TRANSCEND INFORMATION, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2017 AND 2016

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

PWCR17000124

To the Board of Directors and Shareholders of Transcend Information, Inc.

We have reviewed the accompanying consolidated balance sheets of Transcend Information, Inc. and its subsidiaries as of September 30, 2017 and 2016 and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity, and of cash flows for the nine months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

資誠聯合會計師事務所 *PricewaterhouseCoopers Taiwan*
11012 臺北市信義區基隆路一段333號27樓 / 27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 11012, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

pwc 資誠

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the "Rules Governing the Preparations of Financial Statements by Securities Issuers" and International Accounting Standard No. 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Chun-Yao

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 9, 2017

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

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

		September 30, 2017		December 31, 2016		September 30, 2016	
Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets							
Cash and cash equivalents	6(1)	$ 1,974,741	9	$ 1,842,670	8	$ 2,285,939	11
Investment in debt instrument	6(2)						
without active market - current		747,565	3	366,295	2	511,568	2
Notes receivable, net		1,025	-	5,348	-	326	-
Accounts receivable, net	6(3)	3,008,731	14	2,841,228	12	2,575,789	12
Accounts receivable- related parties,	7						
net		-	-	21,369	-	11,582	-
Other receivables		153,188	1	146,619	1	168,226	1
Other receivables - related parties	7	7,183	-	-	-	-	-
Inventories, net	6(4)	5,661,895	25	5,166,821	23	5,208,231	24
Other current financial assets	6(5)	7,185,981	32	8,702,590	38	6,787,373	32
Other current assets, others		62,350	-	36,389	-	59,035	-
Current Assets		18,802,659	84	19,129,329	84	17,608,069	82
Non-current assets							
Available-for-sale financial assets -	6(6)						
non-current		114,215	-	179,580	1	192,119	1
Investments accounted for using	6(7)						
equity method		178,190	1	282,610	1	288,786	1
Property, plant and equipment, net	6(8), 7 and						
	8	2,662,943	12	2,740,210	12	2,813,269	13
Investment property, net	6(9)	271,040	1	277,316	1	280,225	1
Deferred tax assets		118,783	1	77,759	-	99,116	1
Other non-current assets	6(10)	295,156	1	204,250	1	166,214	1
Non-current Assets		3,640,327	16	3,761,725	16	3,839,729	18
Total Assets		$ 22,442,986	100	$ 22,891,054	100	$ 21,447,798	100

(Continued)

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan Dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

Liabilities and Equity	Notes	September 30, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%	September 30, 2016 AMOUNT	%
Current liabilities							
Notes payable		$ 200	-	$ -	-	$ -	-
Accounts payable		1,678,030	7	1,740,266	8	1,429,192	7
Accounts payable - related parties	7	55,021	-	48,218	-	50,127	-
Other payables		347,836	2	390,533	2	337,087	2
Current tax liabilities		278,902	1	96,138	-	911	-
Other current liabilities		29,918	-	44,415	-	33,107	-
Current Liabilities		2,389,907	10	2,319,570	10	1,850,424	9
Non-current liabilities							
Deferred tax liabilities		138,155	1	167,817	1	161,802	1
Other non-current liabilities	6(11)	50,321	-	76,733	-	62,407	-
Non-current Liabilities		188,476	1	244,550	1	224,209	1
Total Liabilities		2,578,383	11	2,564,120	11	2,074,633	10
Equity attributable to owners of parent							
Share capital	6(12)						
Common stock		4,307,617	19	4,307,617	19	4,307,617	20
Capital surplus	6(13)						
Capital surplus		4,691,385	21	4,799,075	21	4,799,075	22
Retained earnings	6(14)						
Legal reserve		4,037,210	18	3,748,946	16	3,748,946	17
Special reserve		145,689	1	21,691	-	21,691	-
Unappropriated retained earnings		6,765,610	30	7,595,294	33	6,578,986	31
Other equity interest	6(15)						
Other equity interest		(82,908)	-	(145,689)	-	(83,150)	-
Total Equity		19,864,603	89	20,326,934	89	19,373,165	90
Significant contingent liabilities and unrecognized contract commitments	9						
Total Liabilities and Equity		$ 22,442,986	100	$ 22,891,054	100	$ 21,447,798	100

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan Dollars, except earnings per share amounts)
(UNAUDITED)

		Three months ended September 30				Nine months ended September 30			
		2017		2016		2017		2016	
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Operating Revenue	6(16) and 7	$ 5,460,980	100	$ 5,424,919	100	$ 16,147,227	100	$ 16,405,103	100
Operating Costs	6(4) and 7	(4,092,177)	(75)	(4,269,213)	(79)	(11,854,838)	(74)	(12,866,387)	(78)
Gross Profit		1,368,803	25	1,155,706	21	4,292,389	26	3,538,716	22
Operating Expenses	6(19)								
Sales and marketing expenses		(252,304)	(4)	(281,262)	(5)	(784,715)	(5)	(890,963)	(5)
Administrative expenses		(98,852)	(2)	(73,534)	(1)	(249,331)	(1)	(238,529)	(2)
Research and development expenses		(43,985)	(1)	(36,344)	(1)	(134,358)	(1)	(111,640)	(1)
Total operating expenses		(395,141)	(7)	(391,140)	(7)	(1,168,404)	(7)	(1,241,132)	(8)
Operating Profit		973,662	18	764,566	14	3,123,985	19	2,297,584	14
Non-operating Income and Expenses									
Other income	6(17)	39,419	-	30,715	1	124,731	1	103,328	-
Other gains and losses	6(18)	(54,646)	(1)	(253,365)	(5)	(575,753)	(3)	(318,859)	(2)
Finance costs		(2)	-	(975)	-	(294)	-	(2,504)	-
Share of loss of associates and joint ventures accounted for under equity method	6(7)	(67,242)	(1)	(12,792)	-	(103,790)	(1)	(28,425)	-
Total non-operating income and expenses		(82,471)	(2)	(236,417)	(4)	(555,106)	(3)	(246,460)	(2)
Profit before Income Tax		891,191	16	528,149	10	2,568,879	16	2,051,124	12
Income tax expense	6(20)	(180,760)	(3)	(53,252)	(1)	(508,791)	(3)	(189,058)	(1)
Profit for the Period		$ 710,431	13	$ 474,897	9	$ 2,060,088	13	$ 1,862,066	11
Other Comprehensive Income (Loss)									
Components of other comprehensive loss that will not be reclassified to profit or loss									
Share of other comprehensive loss of associates and joint ventures accounted for under equity method, components of other comprehensive loss that will not be reclassified to profit or loss		$ -	-	$ -	-	($ 630)	-	($ 344)	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss									
Exchange differences on translation of foreign financial statements	6(15)	26,863	-	(65,494)	(1)	(28,232)	-	(83,462)	-
Unrealized gain on available-for-sale financial assets	6(6)(15)	50,399	1	958	-	86,214	-	7,815	-
Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	6(15)(20)	(4,567)	-	11,133	-	4,799	-	14,188	-
Other comprehensive income (loss) for the period		$ 72,695	1	($ 53,403)	(1)	$ 62,151	-	($ 61,803)	-
Total Comprehensive Income		$ 783,126	14	$ 421,494	8	$ 2,122,239	13	$ 1,800,263	11
Net Profit attributable to:									
Owners of parent		$ 710,431	13	$ 474,897	9	$ 2,060,088	13	$ 1,862,066	11
Comprehensive Income attributable to:									
Owners of parent		$ 783,126	14	$ 421,494	8	$ 2,122,239	13	$ 1,800,263	11
Earnings Per Share	6(21)								
Basic earnings per share		$	1.65	$	1.10	$	4.78	$	4.32
Diluted earnings per share		$	1.65	$	1.10	$	4.78	$	4.32

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan Dollars)
(UNAUDITED)

		Equity attributable to owners of the parent									
			Capital Surplus			Retained Earnings			Other equity interest		
	Notes	Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total equity
Nine months ended September 30, 2016											
Balance at January 1, 2016		$ 4,307,617	$ 4,759,841	$ 4,106	$ 35,128	$ 3,426,756	$ -	$ 7,990,324	$ 77,060	($ 98,751)	$20,502,081
Appropriation of 2015 earnings	6(14)										
Legal reserve		-	-	-	-	322,190	-	(322,190)	-	-	-
Special reserve		-	-	-	-	-	21,691	(21,691)	-	-	-
Cash dividends		-	-	-	-	-	-	(2,929,179)	-	-	(2,929,179)
Net income for the period		-	-	-	-	-	-	1,862,066	-	-	1,862,066
Other comprehensive (loss) income for the period	6(6)(15)	-	-	-	-	-	-	(344)	(69,274)	7,815	(61,803)
Balance at September 30, 2016		$ 4,307,617	$ 4,759,841	$ 4,106	$ 35,128	$ 3,748,946	$ 21,691	$ 6,578,986	$ 7,786	($ 90,936)	$19,373,165
Nine months ended September 30, 2017											
Balance at January 1, 2017		$ 4,307,617	$ 4,759,841	$ 4,106	$ 35,128	$ 3,748,946	$ 21,691	$ 7,595,294	($ 42,214)	($ 103,475)	$20,326,934
Appropriation of 2016 earnings	6(14)										
Legal reserve		-	-	-	-	288,264	-	(288,264)	-	-	-
Special reserve		-	-	-	-	-	123,998	(123,998)	-	-	-
Cash dividends		-	-	-	-	-	-	(2,476,880)	-	-	(2,476,880)
Cash payment from capital surplus	6(14)	-	(107,690)	-	-	-	-	-	-	-	(107,690)
Net income for the period		-	-	-	-	-	-	2,060,088	-	-	2,060,088
Other comprehensive (loss) income for the period	6(6)(15)	-	-	-	-	-	-	(630)	(23,433)	86,214	62,151
Balance at September 30, 2017		$ 4,307,617	$ 4,652,151	$ 4,106	$ 35,128	$ 4,037,210	$ 145,689	$ 6,765,610	($ 65,647)	($ 17,261)	$19,864,603

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan Dollars)
(UNAUDITED)

	Notes	Nine months ended September 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,568,879	$ 2,051,124
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets at fair value through profit or loss	6(18)	-	15,768
Share of loss of associates and joint ventures accounted for using equity method	6(7)	103,790	28,425
Gain on reversal of bad debts	6(3)	(6,251)	(153)
Loss on disposal of investments	6(6)(18)	69,796	-
Net gain on financial liabilities at fair value through profit or loss	6(18)	-	(13)
(Gain) loss on disposal of property, plant and equipment	6(18)	(5,147)	104
Depreciation	6(19)	154,898	173,945
Interest income	6(17)	(111,074)	(89,435)
Interest expense		294	2,504
Dividend income	6(18)	(8,973)	(8,574)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		4,323	633
Accounts receivable		(159,607)	628,720
Accounts receivable - related parties		21,369	(2,235)
Other receivables		(8,380)	(3,381)
Other receivables - related parties		(7,183)	-
Inventories		(495,074)	(694,475)
Other current assets, others		(25,961)	(6,549)
Changes in operating liabilities			
Notes payable		200	-
Accounts payable		(62,236)	(159,920)
Accounts payable - related parties		6,803	(8,433)
Other payables		(42,697)	(29,845)
Other current liabilities		(14,497)	(2,985)
Other non-current liabilities		(26,412)	(6,418)
Cash inflow generated from operations		1,956,860	1,888,807
Interest received		112,885	74,144
Interest paid		(294)	(2,504)
Income tax paid		(391,914)	(599,228)
Net cash flows from operating activities		1,677,537	1,361,219
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other current financial assets		1,516,609	1,744,633
Acquisition of investment in debt instrument without active markets		(1,995,443)	(2,420,082)
Proceeds from disposal of investment in debt instrument without active markets		1,614,173	2,801,813
Proceeds from disposal of available-for-sale financial assets		81,783	-
Acquisition of property, plant and equipment	6(8)	(98,301)	(27,989)
Proceeds from disposal of property, plant and equipment	6(8)	9,884	59
Cash dividends received		8,973	8,574
(Increase) decrease in other current financial assets		(90,906)	19,492
Net cash flows from investing activities		1,046,772	2,126,500
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		-	(940,725)
Cash dividends paid (including cash payment from capital surplus)	6(14)	(2,584,570)	(2,929,179)
Net cash flows used in financing activities		(2,584,570)	(3,869,904)
Effect of exchange rate changes on cash and cash equivalents		(7,668)	4,762
Net increase (decrease) in cash and cash equivalents		132,071	(377,423)
Cash and cash equivalents at beginning of period		1,842,670	2,663,362
Cash and cash equivalents at end of period		$ 1,974,741	$ 2,285,939

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

TRANSCEND INFORMATION, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

Transcend Information, Inc. (the “Company”) was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1989. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are manufacturing, processing and the sale of computer software and hardware, peripheral equipment and other computer components. The Securities and Futures Commission of the Republic of China had approved the Company’s shares to be listed on the Taiwan Stock Exchange and the shares started trading on May 3, 2001.

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

These consolidated financial statements were reported to the Board of Directors on November 9, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, ‘Financial instruments’

(a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses (‘ECL’) or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

B. IFRS 15 ‘Revenue from contracts with customers’

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

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

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price.

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

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity

to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. Amendments to IAS 7, ‘Disclosure initiative’

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

D. Amendments to IAS 12, 'Recognition of deferred tax assets for unrealized losses'

These amendments clarify the recognition of deferred tax assets for unrealized losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset's tax base. When an entity assesses whether taxable profits will be available against which it can utilize a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits.

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

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

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

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'

The amendments resolve a current inconsistency between IFRS 10 and IAS 28. The gain or loss resulting from a transaction that involves sales or contribution of assets between an investor and its associates or joint ventures is recognized either in full or partially depending on the nature of the assets sold or contributed:

(a) If sales or contributions of assets that constitute a 'business', the full gain or loss is recognized;

(b) If sales or contributions of assets that do not constitute a 'business', the partial gain or loss is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

B. IFRS 16, ‘Leases’

IFRS 16, 'Leases', replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation that are set out below, the rest of the principal accounting policies applied in the preparation of these consolidated financial statements are the same as those disclosed in Note 4 to the consolidated financial statements as of and for the year ended December 31, 2016. The policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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 the International Accounting Standard 34, ‘Interim Financial Reporting’ as endorsed by the FSC.

B. The consolidated financial statements as of and for the nine months ended September 30, 2017 should be read together with the consolidated financial statements as of and for the year ended December 31, 2016.

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit (loss).

(b) Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the reparation of the consolidated financial statements as of and for the year ended December 31, 2016.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Transcend Taiwan	Saffire Investment Ltd. (Saffire)	Investment holding company	100	100	100	-
〃	Transcend Japan Inc. (Transcend Japan)	Wholesaler and import of computer memory modules and peripheral products	100	100	100	-
〃	Transcend Information Inc. (Transcend USA)	Wholesaler and import of computer memory modules and peripheral products	100	100	100	-
〃	Transcend Korea Inc. (Transcend Korea)	Wholesaler and import of computer memory modules and peripheral products	100	100	100	-
Saffire Investment Ltd.	Memhiro Pte. Ltd. (Memhiro)	Investment holding company	100	100	100	-
Memhiro Pte. Ltd.	Transcend Information Europe B.V. (Transcend Europe)	Wholesaler and import of computer memory modules and peripheral products	100	100	100	-
〃	Transcend Information Trading GmbH, Hamburg (Transcend Germany)	Wholesaler and import of computer memory modules and peripheral products	100	100	100	-
〃	Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Manufacturer and seller of computer memory modules, storage products and disks	100	100	100	-
〃	Transtech Trading (Shanghai) Co., Ltd. (Transtech Shanghai)	Wholesaler, agent, import and export and retailer of computer memory modules, storage products and computer components	100	100	100	-
〃	Transcend Information (Hong Kong), Ltd. (Transcend Hong Kong)	Wholesaler and import of computer memory modules and peripheral products	100	100	100	-

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

D. Adjustment 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: None.

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand and petty cash	$ 1,059	$ 1,040	$ 1,247
Checking accounts and demand deposits	1,973,682	1,323,718	2,001,655
Cash equivalents			
Bonds with repurchase agreement	-	517,912	283,037
Total	$ 1,974,741	$ 1,842,670	$ 2,285,939

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. The Group has no cash and cash equivalents pledged to others.

(2) Investments in debt instrument without active markets - current

Items	September 30, 2017	December 31, 2016	September 30, 2016
Current items：			
Bonds with repurchase agreement	$ 747,565	$ 366,295	$ 511,568

A. The Group’s investments in debt instrument with repurchase agreement are from Yuanta Asset Management Limited.

B. The Group recognized gain on disposal of financial assets of $3,717, $2,744, $7,642 and $11,356 in profit or loss for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively.

C. No investments in debt instrument without active market were pledged to others.

(3) Accounts receivable

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts receivable	$ 3,163,526	$ 3,043,191	$ 2,787,398
Less: Provision for sales discounts and allowances	(130,241)	(169,513)	(181,197)
Allowance for bad debts	(24,554)	(32,450)	(30,412)
	$ 3,008,731	$ 2,841,228	$ 2,575,789

A. The Group has credit insurance that covers accounts receivable of its major customers. Should bad debt occur, the Group will receive 90% of the losses resulting from non-payment.

B. The ageing analysis of financial assets that were past due but not impaired is as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 30 days	$ 310,293	$ 583,946	$ 338,718
31 to 90 days	8,524	9,798	37,213
91 to 180 days	1,117	471	-
Over 181 days	2,011	805	997
	$ 321,945	$ 595,020	$ 376,928

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

(a) As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group's accounts receivable that were impaired amounted to $24,554, $32,450 and $30,412, respectively.

(b) Movements on the Group's provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 32,450	$ -	$ 32,450
Reversal of impairment	(6,251)	-	(6,251)
Net exchange differences	(1,645)	-	(1,645)
At September 30	$ 24,554	$ -	$ 24,554

	2016		
	Individual provision	Group provision	Total
At January 1	$ 31,580	$ -	$ 31,580
Reversal of impairment	(153)	-	(153)
Net exchange differences	(1,015)	-	(1,015)
At September 30	$ 30,412	$ -	$ 30,412

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

	September 30, 2017	December 31, 2016	September 30, 2016
Group 1	$ 1,072,221	$ 934,670	$ 894,581
Group 2	1,614,565	1,311,538	1,304,280
	$ 2,686,786	$ 2,246,208	$ 2,198,861

Group 1: Customers with credit line under $20,000, after a comprehensive consideration of revenues, capital, and operational performance.

Group 2: Customers with credit line over $20,000, after a comprehensive consideration of revenues, capital, and operational performance.

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

(4) Inventories

	September 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,411,367	($ 21,159)	$ 3,390,208
Work in process	996,210	(2,193)	994,017
Finished goods	1,288,842	(11,172)	1,277,670
Total	$ 5,696,419	($ 34,524)	$ 5,661,895

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,858,764	($ 26,854)	$ 2,831,910
Work in process	870,078	(3,576)	866,502
Finished goods	1,483,892	(15,483)	1,468,409
Total	$ 5,212,734	($ 45,913)	$ 5,166,821

	September 30, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 3,132,140	($ 49,372)	$ 3,082,768
Work in process	1,124,774	(17,460)	1,107,314
Finished goods	1,038,920	(20,771)	1,018,149
Total	$ 5,295,834	($ 87,603)	$ 5,208,231

A. The cost of inventories recognized as expense for the period:

	Three months ended September 30,	
	2017	2016
Cost of goods sold	$ 4,102,756	$ 4,267,492
(Gain on reversal of) loss on decline in market value of inventory	(10,579)	1,721
	$ 4,092,177	$ 4,269,213

	Nine months ended September 30,	
	2017	2016
Cost of goods sold	$ 11,866,227	$ 12,849,683
(Gain on reversal of) loss on decline in market value of inventory	(11,389)	16,704
	$ 11,854,838	$ 12,866,387

B. The gain on reversal of decline in market value of inventory for the three months and nine months ended September 30, 2017 was due to the Group's disposal of slow-moving inventory.

C. No inventories were pledged to others.

(5) Other current financial assets

	September 30, 2017	December 31, 2016	September 30, 2016
Time deposits with original maturity of more than three months	$ 7,185,981	$ 8,702,590	$ 6,787,373

(6) Available-for-sale financial assets - non-current

Items	September 30, 2017	December 31, 2016	September 30, 2016
Non-current items：			
Listed stocks	$ 130,351	$ 281,930	$ 281,930
Others	31,125	31,125	31,125
Subtotal	161,476	313,055	313,055
Valuation adjustments of available-for-sale financial assets	(17,261)	(103,475)	(90,936)
Accumulated impairment	(30,000)	(30,000)	(30,000)
Total	$ 114,215	$ 179,580	$ 192,119

A. The Group recognized $50,399, $958, $86,214 and $7,815 in other comprehensive income for fair value change and reclassified ($46,330), $0, ($69,796) and $0 from equity to profit or (loss) for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively.

B. No available-for-sale financial assets were pledged to others.

(7) Investments accounted for using equity method

Investee Company	September 30, 2017	December 31, 2016	September 30, 2016
Taiwan IC Packaging Corp.	$ 178,190	$ 282,610	$ 288,786

A. The basic information of the associate that is material to the Group is as follows:

	Principal	Shareholding ratio				
Associate name	place of business	September 30, 2017	December 31, 2016	September 30, 2016	Nature of relationship	Method of measurement
Taiwan IC Packaging Corp.	Taiwan	12.72%	12.70%	12.70%	Note	Equity method

Note: Taiwan IC Packaging Corp. is engaged in IC packaging and testing and is the upstream supplier in the IT and semiconductor industries. In order to reach synergy of vertical integration, Taiwan IC Packaging Corp. processes the raw materials provided by the Group into relevant semi-finished goods.

B. The summarized financial information of the associate that is material to the Group is as follows:

Balance sheet

	Taiwan IC Packaging Corp.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 1,298,332	$ 1,721,637	$ 1,812,479
Non-current assets	1,514,352	1,941,925	1,876,798
Current liabilities	(389,235)	(409,078)	(389,910)
Non-current liabilities	(26,458)	(33,010)	(31,495)
Total net assets	$ 2,396,991	$ 3,221,474	$ 3,267,872
Share in associate's net assets	$ 304,556	$ 409,003	$ 414,894
Net equity differences	(126,366)	(126,393)	(126,108)
	$ 178,190	$ 282,610	$ 288,786

Statement of comprehensive income

	Taiwan IC Packaging Corp.	
	Three months ended September 30,	
	2017	2016
Revenue	$ 362,559	$ 426,112
Loss for the period from continuing operations	($ 529,295)	($ 102,515)
Total comprehensive loss	($ 529,295)	($ 102,515)
Dividends received from associates	$ -	$ -

	Taiwan IC Packaging Corp.	
	Nine months ended September 30,	
	2017	2016
Revenue	$ 1,044,149	$ 1,316,805
Loss for the period from continuing operations	($ 821,470)	($ 229,765)
Total comprehensive loss	($ 821,470)	($ 229,765)
Dividends received from associates	$ -	$ -

C. Share of loss of associates accounted for using the equity method is as follows:

Investee Company	Three months ended September 30, 2017	2016
Taiwan IC Packaging Corp.	($ 67,242)	($ 12,792)

Investee Company	Nine months ended September 30, 2017	2016
Taiwan IC Packaging Corp.	($ 103,790)	($ 28,425)

D. The Group's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was $324,537, $386,230 and $404,894 as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Vehicles	Office Equipment	Others	Total
At January 1, 2017							
Cost	$ 728,741	$ 2,668,305	$ 678,618	$ 6,354	$ 41,055	$ 65,023	$ 4,188,096
Accumulated depreciation	-	(906,674)	(460,554)	(5,490)	(30,317)	(44,851)	(1,447,886)
	$ 728,741	$ 1,761,631	$ 218,064	$ 864	$ 10,738	$ 20,172	$ 2,740,210
Nine months ended September 30, 2017							
Opening net book amount	$ 728,741	$ 1,761,631	$ 218,064	$ 864	$ 10,738	$ 20,172	$ 2,740,210
Additions (including transfers)	-	4,169	75,143	-	2,191	16,798	98,301
Disposal	-	-	(4,642)	-	(95)	-	(4,737)
Depreciation charge	-	(81,496)	(60,464)	(226)	(1,961)	(5,493)	(149,640)
Net exchange differences	(3,990)	(14,733)	(2,215)	(28)	(27)	(198)	(21,191)
Closing net book amount	$ 724,751	$ 1,669,571	$ 225,886	$ 610	$ 10,846	$ 31,279	$ 2,662,943
At September 30, 2017							
Cost	$ 724,751	$ 2,613,440	$ 568,688	$ 5,264	$ 38,938	$ 78,437	$ 4,029,518
Accumulated depreciation	-	(943,869)	(342,802)	(4,654)	(28,092)	(47,158)	(1,366,575)
	$ 724,751	$ 1,669,571	$ 225,886	$ 610	$ 10,846	$ 31,279	$ 2,662,943

	Land	Buildings	Machinery	Vehicles	Office Equipment	Others	Total
At January 1, 2016							
Cost	$ 728,131	$ 2,774,915	$ 847,161	$ 7,452	$ 46,682	$ 66,614	$ 4,470,955
Accumulated depreciation	-	(836,426)	(556,193)	(5,512)	(32,701)	(45,032)	(1,475,864)
	$ 728,131	$ 1,938,489	$ 290,968	$ 1,940	$ 13,981	$ 21,582	$ 2,995,091
Nine months ended September 30, 2016							
Opening net book amount	$ 728,131	$ 1,938,489	$ 290,968	$ 1,940	$ 13,981	$ 21,582	$ 2,995,091
Additions (including transfers)	-	469	25,797	-	282	1,441	27,989
Disposals	-	(3)	(2)	(75)	(64)	(19)	(163)
Depreciation charge	-	(87,722)	(73,108)	(713)	(3,029)	(3,554)	(168,126)
Net exchange differences	12,920	(44,185)	(8,539)	(64)	(130)	(1,524)	(41,522)
Closing net book amount	$ 741,051	$ 1,807,048	$ 235,116	$ 1,088	$ 11,040	$ 17,926	$ 2,813,269
At September 30, 2016							
Cost	$ 741,051	$ 2,697,320	$ 725,012	$ 6,365	$ 44,089	$ 62,226	$ 4,276,063
Accumulated depreciation	-	(890,272)	(489,896)	(5,277)	(33,049)	(44,300)	(1,462,794)
	$ 741,051	$ 1,807,048	$ 235,116	$ 1,088	$ 11,040	$ 17,926	$ 2,813,269

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

(9) Investment property

	Land		Buildings		Total
At January 1, 2017					
Cost	$ 137,037	$	222,427	$	359,464
Accumulated depreciation and impairment	-	(	82,148)	(	82,148)
	$ 137,037	$	140,279	$	277,316
Nine months ended September 30, 2017					
Opening net book amount	$ 137,037	$	140,279	$	277,316
Depreciation charge	-	(	5,258)	(	5,258)
Net exchange differences	-	(	1,018)	(	1,018)
Closing net book amount	$ 137,037	$	134,003	$	271,040
At September 30, 2017					
Cost	$ 137,037	$	220,733	$	357,770
Accumulated depreciation and impairment	-	(	86,730)	(	86,730)
	$ 137,037	$	134,003	$	271,040

	Land		Buildings		Total
At January 1, 2016					
Cost	$ 137,037	$	233,860	$	370,897
Accumulated depreciation and impairment	-	(	80,316)	(	80,316)
	$ 137,037	$	153,544	$	290,581
Nine months ended September 30, 2016					
Opening net book amount	$ 137,037	$	153,544	$	290,581
Depreciation charge	-	(	5,819)	(	5,819)
Net exchange differences	-	(	4,537)	(	4,537)
Closing net book amount	$ 137,037	$	143,188	$	280,225
At September 30, 2016					
Cost	$ 137,037	$	227,272	$	364,309
Accumulated depreciation and impairment	-	(	84,084)	(	84,084)
	$ 137,037	$	143,188	$	280,225

A. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	Three months ended September 30,	
	2017	2016
Rental income from investment property	$ 4,706	$ 4,543
Direct operating expenses arising from investment property that generated rental income	$ 1,553	$ 1,685
Direct operating expenses arising from investment property that did not generate rental income	$ 213	$ 213

	Nine months ended September 30,	
	2017	2016
Rental income from investment property	$ 13,657	$ 13,893
Direct operating expenses arising from investment property that generated rental income	$ 4,619	$ 5,180
Direct operating expenses arising from investment property that did not generate rental income	$ 639	$ 639

B. The fair value of the investment property held by the Group was $1,701,192, $1,590,260 and $1,597,273 as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively, which was based on the transaction prices of similar properties in the same area.

C. No investment property was pledged to others.

(10) Other non-current assets

	September 30, 2017	December 31, 2016	September 30, 2016
Long-term prepaid rents	$ 98,193	$ 101,625	$ 103,909
Guarantee deposits paid	31,638	32,224	34,265
Prepayments for business facilities	147,479	53,628	10,099
Others	17,846	16,773	17,941
	$ 295,156	$ 204,250	$ 166,214

In May 2005, the Group signed a land-use right contract with the People's Republic of China for the use of land with a term of 50 years. All rentals had been paid on the contract date. The Group recognized rental expenses of $651, $680, $1,929 and $2,117 for the three months and nine months ended September 30, 2017 and 2016, respectively.

(11) 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 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 the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

(b) For the aforementioned pension plan, the Group recognized pension costs of $189, $234, $566 and $703 for the three months and nine months ended September 30, 2017 and 2016, respectively.

(c) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2018 amounts to $2,003.

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

(b) Transcend Shanghai, Transtech Shanghai and Transcend Hong Kong have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages, ranging from 12.5% to 22%. Other than the monthly contributions, the Group has no further obligations.

(c) Transcend Japan, Transcend Korea, Transcend USA, Transcend Europe and Transcend Germany have defined contribution plans. Monthly contributions are based on a certain percentage of employees' monthly salaries and wages and are recognized as pension costs accordingly. Other than the monthly contributions, the Group has no further obligations.

(d) The pension costs under defined contribution pension plans of the Company for the three months and nine months ended September 30, 2017 and 2016 were $11,788, $11,691, $35,025 and $32,286, respectively.

(12) Share capital

As of September 30, 2017, the Company’s authorized capital was $5,000,000, consisting of 500,000 thousand shares of ordinary stock (including 25,000 thousand shares reserved for employee stock options). The paid-in capital was $4,307,617 with a par value of $10 per share, consisting of 430,762 thousand shares of ordinary stock outstanding. All proceeds from shares issued have been collected.

(13) Capital surplus

Pursuant to the R.O.C. Company Law, 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 capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus shall not be used to cover accumulated deficit unless the legal reserve is insufficient.

(14) Retained earnings

A. In accordance with the Company’s Articles of Incorporation, the current year’s earnings, if any, shall first be used to pay all taxes and to offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Company shall also set aside special reserve in accordance with the regulations. On the premise that there is no effect on the Company’s normal operations and no violation of regulations, the Company shall reserve certain amount for maintaining stability of dividends. The remainder, if any, is distributable earnings to be appropriated as resolved by stockholders at the stockholders’ meeting.

B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands of funds, long-term financial planning and the cash flow needs of stockholders. Cash dividends shall account for at least 5% of the total 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. 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.

E. The appropriation of earnings and cash payment from capital surplus for the years ended December 31, 2016 and 2015 have been resolved at the stockholders' meeting on June 16, 2017 and June 14, 2016, respectively. Details are summarized below:

	Year ended December 31, 2016		Year ended December 31, 2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 288,264		$ 322,190	
Special reserve	123,998		21,691	
Cash dividends	2,476,880	$ 5.75	2,929,179	$ 6.80
Total	$ 2,889,142		$ 3,273,060	

	Amount	Cash payment per share (in dollars)
Cash payment from capital surplus	$ 107,690	$ 0.25

Actual distribution of retained earnings of 2016 and 2015 are in agreement with those resolved at the stockholders' meeting.

F. Please refer to Note 6(19) for the information relating to employees' compensation and directors' remuneration.

(15) Other equity items

	Unrealized gain or loss on available-for-sale financial assets	Exchange differences on translation of foreign financial statements	Total
At January 1, 2017	($ 103,475)	($ 42,214)	($ 145,689)
Change in unrealized gains or losses for available-for-sale financial assets	86,214	-	86,214
Currency translation differences	-	(28,232)	(28,232)
Effect from income tax	-	4,799	4,799
At September 30, 2017	($ 17,261)	($ 65,647)	($ 82,908)

	Unrealized gain or loss on available-for-sale financial assets	Exchange differences on translation of foreign financial statements	Total
At January 1, 2016	($ 98,751)	$ 77,060	($ 21,691)
Change in unrealized gains or losses for available-for-sale financial assets	7,815	-	7,815
Currency translation differences	-	(83,462)	(83,462)
Effect from income tax	-	14,188	14,188
At September 30, 2016	($ 90,936)	$ 7,786	($ 83,150)

(16) Operating revenue

	Three months ended September 30,	
	2017	2016
Sales revenue	$ 5,460,980	$ 5,424,919

	Nine months ended September 30,	
	2017	2016
Sales revenue	$ 16,147,227	$ 16,405,103

(17) Other income

	Three months ended September 30,	
	2017	2016
Interest income	$ 34,713	$ 26,172
Rental income	4,706	4,543
Total	$ 39,419	$ 30,715

	Nine months ended September 30,	
	2017	2016
Interest income	$ 111,074	$ 89,435
Rental income	13,657	13,893
Total	$ 124,731	$ 103,328

(18) Other gains and losses

	Three months ended September 30, 2017	Three months ended September 30, 2016
Net loss on financial assets at fair value through profit or loss	$ -	($ 110)
Net gain on financial liabilities at fair value through profit or loss	-	122
Gain on disposal of financial assets	3,717	2,744
Loss on disposal of investments	(46,330)	-
Gain (loss) on disposal of property, plant and equipment	5,994	(21)
Net currency exchange loss	(33,785)	(271,224)
Dividends income	8,973	8,574
Others	6,785	6,550
Total	($ 54,646)	($ 253,365)

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Net loss on financial assets at fair value through profit or loss	$ -	($ 22,912)
Net gain on financial liabilities at fair value through profit or loss	-	13
Gain on disposal of financial assets	7,642	11,356
Loss on disposal of investments	(69,796)	-
Gain (loss) on disposal of property, plant and equipment	5,147	(104)
Net currency exchange loss	(546,918)	(349,898)
Dividends income	8,973	8,574
Others	19,199	34,112
Total	($ 575,753)	($ 318,859)

(19) Expenses by nature

	Three months ended September 30, 2017	Three months ended September 30, 2016
Wages and salaries	$ 354,923	$ 330,353
Labor and health insurance fees	35,517	37,182
Pension costs	11,977	11,925
Other personnel expenses	16,087	17,148
Depreciation on property, plant and equipment (including investment property)	48,351	56,759

	Nine months ended September 30,	
	2017	2016
Wages and salaries	$ 1,062,098	$ 1,072,114
Labor and health insurance fees	109,974	117,527
Pension costs	35,591	32,989
Other personnel expenses	50,053	53,432
Depreciation on property, plant and equipment (including investment property)	154,898	173,945

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 0.2% for directors and supervisors' remuneration.

B. For the three months and nine months ended September 30, 2017 and 2016, employees' compensation was accrued at $9,435, $5,582, $27,114 and $21,217, respectively, and directors' remuneration was accrued at $1,397, $779, $3,872 and $2,970, respectively. The aforementioned amounts were recognized in salary expenses.

For the nine months ended September 30, 2017, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 1% and 0.2% of distributable profit of current year as of the end of reporting period.

The difference between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amount recognized in the 2016 financial statements by $1,397 and $442 had been adjusted in the profit or loss of 2017.

Information about employees' compensation and directors' remuneration of the Company as approved at the meeting of Board of Directors and resolved by the stockholders at their meeting 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:

	Three months ended September 30,	
	2017	2016
Current tax:		
Current tax on profits for the period	$ 174,266	$ 81,203
Total current tax	174,266	81,203
Deferred tax:		
Origination and reversal of temporary differences	6,494	(27,951)
Total deferred tax	6,494	(27,951)
Income tax expense	$ 180,760	$ 53,252

	Nine months ended September 30,	
	2017	2016
Current tax:		
Current tax on profits for the period	$ 535,893	$ 336,530
Prior year income tax underestimation (overestimation)	38,785	(37,775)
Total current tax	574,678	298,755
Deferred tax:		
Origination and reversal of temporary differences	(65,887)	(109,697)
Total deferred tax	(65,887)	(109,697)
Income tax expense	$ 508,791	$ 189,058

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

	Three months ended September 30,	
	2017	2016
Exchange differences on translation of foreign financial statements	$ 4,567	($ 11,133)

	Nine months ended September 30,	
	2017	2016
Exchange differences on translation of foreign financial statements	($ 4,799)	($ 14,188)

B. The investment plan of the Company to increase capital to expand the business of "manufacturing of computers, electronic products and optical products, printing and reproduction of recorded media, and computer system designing services" qualified for "The Guidelines for the Calculation of Exempt Income for the Five-year Profit-seeking Enterprise Income Tax Exemption by Manufacturing Industries and their Related Technical Services Industries Increasing New Investment from July 1, 2008 to December 31, 2009", which indicates the Company is entitled to operating income tax exemption for 5 consecutive years (ending December 2016).

C. As of September 30, 2017, the Company's income tax returns through 2013 have been assessed and approved by the National Taxation Bureau of Taipei, Ministry of Finance.

D. Unappropriated retained earnings:

	September 30, 2017	December 31, 2016	September 30, 2016
Earnings generated in and before 1997	$ 121,097	$ 121,097	$ 121,097
Earnings generated in and after 1998	6,644,513	7,474,197	6,457,889
	$ 6,765,610	$ 7,595,294	$ 6,578,986

E. As of September 30, 2017, December 31, 2016 and September 30, 2016, the balance of the imputation tax credit account was $687,586, $989,048 and $680,469, respectively. The creditable tax rate was 14.98% for 2016 and is estimated to be 18.38% for 2017.

(21) Earnings per share

	Three months ended September 30, 2017		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 710,431	430,762	$ 1.65
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 710,431	430,762	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	313	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 710,431	431,075	$ 1.65

	Nine months ended September 30, 2017		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,060,088	430,762	$ 4.78
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,060,088	430,762	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	501	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,060,088	431,263	$ 4.78

	Three months ended September 30, 2016		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 474,897	430,762	$ 1.10
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 474,897	430,762	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	232	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 474,897	430,994	$ 1.10

	Nine months ended September 30, 2016		
	Profit after tax	Weighted-average outstanding common shares (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,862,066	430,762	$ 4.32
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,862,066	430,762	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	463	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,862,066	431,225	$ 4.32

(22) Operating leases

A. The Group leases land and buildings to others under operating lease agreements. Rental revenue of $4,706, $4,543, $13,657 and $13,893 were recognized for these leases in profit or loss for the three months and nine months ended September 30, 2017 and 2016, respectively. The leases for buildings have terms expiring between 2017 and 2021, and all these lease agreements are not renewable at the end of the lease period. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than one year	$ 19,283	$ 13,834	$ 9,347
Later than one year but not later than five years	47,516	36,720	-
	$ 66,799	$ 50,554	$ 9,347

B. On April 8, 2009, the Company signed a land lease contract with its major stockholders, Won Chin and Cheng Chuan, to build a new plant on the leased land. The lease has a term of 10 years from April 10, 2009 to April 9, 2019. The annual rental payment is $35,633 (exclusive of tax), which was determined based on the average rent of land near the leased land shown in the appraisal report issued by CCIS Real Estate Joint Appraisers Firm. Rent was paid on the contract date and becomes payable on the same date each following year until the end of the lease. For the three months and nine months ended September 30, 2017 and 2016, the rental expense were $8,908, $8,908, $26,725 and $26,725, respectively. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than one year	$ 37,415	$ 37,415	$ 37,415
Later than one year but not later than five years	21,825	49,886	59,240
	$ 59,240	$ 87,301	$ 96,655

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Taiwan IC Packaging Corporation	Associate accounted for using equity method
Alcor Micro Corporation (Note A)	Other related party
Hitron Tech. Inc. (Note B)	Other related party
Won Chin	Major stockholder
Cheng Chuan	Major stockholder

Note A: In April 2017, the Company resigned as a member of the Board of Directors of the counterparty who is no longer a related party of the Group from then on.

Note B: In June 2017, the Company resigned as a member of the Board of Directors of the counterparty who is no longer a related party of the Group from then on.

(2) Significant transactions and balances with related parties

A. Operating revenue

	Three months ended September 30,	
	2017	2016
Sales		
Associates accounted for using equity method	$ 19	$ 30
Other related parties	-	24,762
	$ 19	$ 24,792

	Nine months ended September 30,	
	2017	2016
Sales		
Associates accounted for using equity method	$ 116	$ 877
Other related parties	161,776	89,448
	$ 161,892	$ 90,325

The sales prices charged to related parties are approximate to those charged to third parties. The credit term to Taiwan IC Packaging Corporation and Hitron Tech. Inc. are both 30 days after receipt of goods. The credit term to third parties is 30 to 60 days after monthly billings.

B. Purchases

	Three months ended September 30,	
	2017	2016
Purchases of goods		
Associates accounted for using equity method	$ 72,734	$ 83,225
Other related parties	-	10,933
	$ 72,734	$ 94,158

	Nine months ended September 30,	
	2017	2016
Purchases of goods		
Associates accounted for using equity method	$ 184,986	$ 246,981
Other related parties	10,193	39,970
	$ 195,179	$ 286,951

The purchase prices charged by related parties are approximate to those charged by third parties. The credit term from Taiwan IC Packaging Corporation and Alcor Micro Corporation are both 30 days after monthly billings. The credit term from third parties is 30 to 45 days after monthly billings.

C. Receivables from related parties

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts receivable			
Associates accounted for using equity method	$ -	$ -	$ 31
Other related parties	-	21,369	11,551
	$ -	$ 21,369	$ 11,582

The receivables from related parties arised mainly from sales transactions. The credit term to IC Packaging Corporation and Hitron Tech. Inc. is 30 days after receipt of goods. The receivables are unsecured and bear no interest. There are no provisions for receivables from related parties.

D. Payables to related parties

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts payable			
Associates accounted for using equity method	$ 55,021	$ 36,835	$ 42,366
Other related parties	-	11,383	7,761
	$ 55,021	$ 48,218	$ 50,127

The payables to related parties arise mainly from purchase transactions and are due 30 days after the date of purchase. The payables bear no interest.

E. Property transactions

For the nine months ended September 30, 2017, the Company sold equipment to the associate accounted for using equity method, Taiwan IC packaging Corp., in the amount of $7,183 (including business tax), and recognized gain on disposal of property, plant and equipment of $5,993. As of September 30, 2017, other receivables amounted to $7,183.

F. Lease contracts

On April 8, 2009, the Company signed a land lease contract with its major stockholders, Won Chin and Cheng Chuan, to build a new plant on the leased land. Please refer to Note 6(22) for details.

(3) Key management compensation

	Three months ended September 30,	
	2017	2016
Salaries and other employee benefits	$ 7,224	$ 6,560

	Nine months ended September 30,	
	2017	2016
Salaries and other employee benefits	$ 21,683	$ 24,738

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value			
Pledged of assets	September 30, 2017	December 31, 2016	September 30, 2016	Pledge purpose
Property, plant and equipment	$ 151,100	$ 156,240	$ 176,811	Collaterals for general credit limit granted by financial institutions

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of September 30, 2017, except for the provision of endorsements and guarantees mentioned in Note 13(1) B and the lease contract described in Notes 6(22) and 7, there are no other significant commitments.

10. SIGNIFICANT DIASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

There is no significant change in this period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2016 for the related information.

(2) Financial instruments

A. Fair value information of financial instruments

There is no significant change in this period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2016 for the related information.

B. Financial risk management policies

There is no significant change in this period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2016 for the related information.

C. Significant financial risks and degrees of financial risks

There is no significant change except the following information. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2016 for the related information.

Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; the subsidiaries' functional currencies: JPY, KRW, USD, EUR, GBP and RMB, etc.). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2017					
	Foreign Currency		Foreign Currency Amount	Exchange rate		Book value
Financial assets	USD：NTD	$	297,310	30.2600	$	8,996,601
	EUR：NTD		12,831	35.7500		458,708
	JPY：NTD		1,500,133	0.2691		403,686
	GBP：NTD		628	40.5600		25,472
	HKD：NTD		6,500	3.8730		25,175
	USD：EUR		3,622	0.8465		109,602
	USD：HKD		1,775	7.8125		53,712
	USD：JPY		1,633	112.3596		49,415
Financial liabilities	USD：NTD	$	48,899	30.2600	$	1,479,684

	December 31, 2016					
	Foreign Currency		Foreign Currency Amount	Exchange rate		Book value
Financial assets	USD:NTD	$	305,248	32.2500	$	9,844,248
	JPY:NTD		3,952,641	0.2756		1,089,348
	EUR:NTD		8,659	33.9000		293,540
	RMB:NTD		39,025	4.6170		180,178
	KRW:NTD		1,023,560	0.0270		27,636
	GBP:NTD		405	39.6100		16,042
	USD:EUR		2,385	0.9513		76,916
	USD:JPY		2,062	117.6471		66,500
Financial liabilities	USD:NTD	$	42,244	32.2500	$	1,362,369
	RMB:NTD		101,466	4.6170		468,469

	September 30, 2016					
	Foreign Currency		Foreign Currency Amount	Exchange rate		Book value
Financial assets	USD:NTD	$	274,800	31.3600	$	8,617,728
	JPY:NTD		638,132	0.3109		198,395
	EUR:NTD		4,265	35.0800		149,616
	USD:EUR		3,476	0.8940		109,007
Financial liabilities	USD:NTD	$	35,732	31.3600	$	1,120,556

The total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2017 and 2016, amounted to $33,785, $271,224, $546,918 and $349,898, respectively.

Sensitivity analyses relating to foreign exchange rate risks are primarily for financial reporting period-end date of foreign currency monetary item. If the New Taiwan Dollar exchange rate to the U.S. Dollar increases or decreases by 1%, the Group's net income will decrease or increase by $75,169 and $74,972 for the nine months ended September 30, 2017 and 2016, respectively.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(9).

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

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

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2017, December 31, 2016 and September 30, 2016 is as follows:

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 113,090	$ -	$ 1,125	$ 114,215

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 178,455	$ -	$ 1,125	$ 179,580

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 190,994	$ -	$ 1,125	$ 192,119

D. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm‘s length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed stocks classified as available-for-sale financial assets.

E. Forward foreign exchange contracts' resulting fair value estimates are included in level 2.

F. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

G. The financial instruments of Level 3 had no changes for the nine months ended September 30, 2017 and 2016.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

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 relate parties reaching NT$100 million or 20% of the Company's paid-in capital or more: Please refer to table 3.

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: None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry, the Chairman of the Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Three months ended September 30,	
	2017	2016
Segment revenue	$ 5,460,980	$ 5,424,919
Segment income	$ 710,431	$ 474,897

	Nine months ended September 30,	
	2017	2016
Segment revenue	$ 16,147,227	$ 16,405,103
Segment income	$ 2,060,088	$ 1,862,066

(3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

Transcend Information, Inc.

Provision of endorsements and guarantees to others

Nine months ended September 30, 2017

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of September 30, 2017 (Note 4)	Outstanding endorsement/ guarantee amount at September 30, 2017 (Note 4)	Actual amount drawn down (Note 5)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Investment income (loss) recognized by the Company for the nine months ended September 30, 2017 （Note 2）	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Transcend Taiwan	Transcend Japan Inc.	2	$ 3,972,921	$ 551,200 (JPY 2,000,000) (In thousands)	$ 538,200 (JPY 2,000,000) (In thousands)	$ -	-	3	$ 7,945,841	Y	-	-	-

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

(a)The Company is ‘0’.

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

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

(a)Having business relationship

(b)The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(c)The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

(d)The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

(e)Mutual guarantee of the trade as required by the construction contract.

(f)Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

Note 3: Not exceeding 20% of the Company's net asset value. ($19,864,603*20%=$3,972,921)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of September 30, 2017 is JPY$2,000,000 (In thousands).

Note 5: The actual amount of endorsement drawn down is $0.

Note 6: Not exceeding 40% of the Company's net asset value. ($19,864,603*40%=$7,945,841)

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary.

Transcend Information, Inc.

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

Nine months ended September 30, 2017

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of September 30, 2017				
Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Transcend Taiwan	Stocks							
	Alcor Micro Corp.	-	Non-current available-for-sale financial assets	2,317,933	$ 44,852	3	$ 44,852	-
	Hitron Tech. Inc.	-	"	3,060,017	68,238	1	68,238	-
	Skyviia Corp.	-	"	259,812	-	2	-	-
	Dramexchange Tech Inc.	-	"	60,816	1,125	1	1,125	-
					$ 114,215			
	Bonds							
	Yuanta Asset Management Limited - bond with repurchase agreement rated as investment-grade bonds by S&P	-	Current bond investment without active market		$ 747,565	-	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IAS 39 ‘Financial instruments: recognition and measurement’.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: 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 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Transcend Information, Inc.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2017

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Transcend Taiwan	Transcend Japan Inc.	The Company's subsidiary	Sales	$ 1,015,547	7	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	$ 412,843	13	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	1,001,164	6	"	"	"	31,257	1	-
"	Transcend Information, Inc.	The Company's subsidiary	"	711,804	5	"	"	"	141,577	4	-
"	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	"	684,560	4	"	"	"	318,126	10	-
"	Transcend Korea Inc.	The Company's subsidiary	"	430,383	3	"	"	"	23,701	1	-
"	Transcend Information (H.K) Ltd.	Subsidiary of Memhiro	"	318,863	2	"	"	"	92,139	3	-
"	Transcend Information Trading GmbH, Hamburg	"	"	353,125	2	"	"	"	41,754	1	-
"	Hitron Tech. Inc.	Other related parties (Note 2)	"	161,776	1	30 days after receipt of goods	"	"	-	-	-
"	Transcend Information (Shanghai), Ltd.	Subsidiary of Memhiro	"	129,656	1	120 days after monthly billings	"	"	-	-	-
Transcend Information Europe B.V.	Transcend Information Trading GmbH, Hamburg	Together with Transcend Information Europe B.V. are controlled by parent company	"	373,772	32	30 days after receipt of goods	"	7 to 60 days after receipt of goods to third parties	22,907	17	-
Transcend Information (Shanghai), Ltd.	Transtech Trading (Shanghai) Co., Ltd.	Together with Transcend Information (Shanghai), Ltd. are controlled by parent company	"	130,305	15	120 days after monthly billings	"	30 to 60 days after receipt of goods to third parties	72,683	13	-
Transcend Taiwan	Transcend Information (Shanghai), Ltd.	Subsidiary of Memhiro	(Purchases)	(172,745)	(1)	"	Note 1	7 to 30 days after receipt of goods to third parties	(503,528)	(23)	-
"	Taiwan IC Packaging Corporation, Inc.	Associate accounted for using the equity method	"	(184,986)	(1)	30 days after monthly billings	No significant difference	30 to 45 days after monthly billings to third parties	(55,021)	(2)	-

Note 1: The purchase transactions between Transcend Taiwan and Transcend Information (Shanghai), Ltd. were attributed to processing of supplied materials. No other similar transactions can be used for comparison.
Note 2: In June 2017, Transcend Taiwan resigned as a member of the Board of Directors of the counterparty who is no longer a related party of the Group from then on.
Note 3:The Company’s sales to subsidiaries were equivalent to subsidiaries' purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries’ purchases from the Company.

Transcend Information, Inc.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2017

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2017	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Transcend Taiwan	Transcend Japan Inc.	Subsidiary of the Company	$ 412,843	2.65	$ 51,430	Received	$ 99,567	$ -
"	Transcend Information Inc.	"	141,577	5.91	-	-	41,576	-
"	Transtech Trading (shanghai) Co., Ltd.	Subsidiary of Memhiro	318,126	3.90	-	-	-	-
Transcend Information (Shanghai), Ltd.	Transcend Taiwan	Parent company	503,528	0.45	-	-	6,341	-

Transcend Information, Inc.

Significant inter-company transactions during the reporting periods

Nine months ended September 30, 2017

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Transcend Taiwan	Transcend Japan Inc.	1	Sales	$ 1,015,547	There is no significant difference in unit price from those to third parties.	6
"	"	Transcend Information Europe B. V.	"	"	1,001,164	"	6
"	"	Transcend Information, Inc.	"	"	711,804	"	4
"	"	Transtech Trading (Shanghai) Co., Ltd.	"	"	684,560	"	4
"	"	Transcend Korea Inc.	"	"	430,383	"	3
"	"	Transcend Information (H.K) Ltd.	"	"	318,863	"	2
"	"	Transcend Information Trading GmbH, Hamburg	"	"	353,125	"	2
"	"	Transcend Information (Shanghai), Ltd.	"	Purchases	172,745	Processing with supplied materials. No other similar transactions can be used for comparison	1
"	"	Transcend Japan Inc.	"	Accounts Receivable	412,843	120 days after monthly billings	2
"	"	Transtech Trading (Shanghai) Co., Ltd.	"	"	318,126	"	1
"	"	Transcend Information (Shanghai), Ltd.	"	Accounts Payable	503,528	"	2
1	Transcend Information Europe B. V.	Transcend Information Trading GmbH, Hamburg	3	Sales	373,772	There is no significant difference in unit price from those to third parties.	2

(Individual transactions not exceeding 1% of the consolidated total revenue and total assets are not disclosed.)

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

(a) Parent company is "0".

(b) Subsidiaries were numbered from 1.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (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.):

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiaries.

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.

Transcend Information, Inc.

Information on investees

Nine months ended September 30, 2017

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at September 30, 2017: Number of shares	Shares held as at September 30, 2017: Ownership (%)	Shares held as at September 30, 2017: Book value	Net profit (loss) of the investee for nine months ended September 30, 2017	Investment income (loss) recognized by the Company for the nine months ended September 30, 2017 （Note 2）	Footnote
Transcend Taiwan	Saffire Investment Ltd.	B.V.I.	Investments holding company	$ 1,202,418	$ 1,202,418	36,600,000	100	$ 1,788,534	($ 42,256)	($ 34,678)	Note 2
	Transcend Japan Inc.	Japan	Wholesaler of computer memory modules and peripheral products	89,103	89,103	6,400	100	187,797	(27,159)	(27,159)	Note 2
	Transcend Information, Inc.	United States of America	Wholesaler of computer memory modules and peripheral products	38,592	38,592	625,000	100	111,690	(31,992)	(31,992)	Note 2
	Transcend Korea Inc.	Korea	Wholesaler of computer memory modules and peripheral products	6,132	6,132	40,000	100	39,642	(6,378)	(6,378)	Note 2
	Taiwan IC Packaging Corp.	Taiwan	Packaging of Semi-conductors	354,666	354,666	51,842,975	12.72	178,190	(821,470)	(103,790)	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investments holding company	1,156,920	1,156,920	55,132,000	100	1,799,023	(42,510)	(42,510)	Note 3
Memhiro Pte Ltd.	Transcend Information Europe B.V.	Netherlands	Wholesaler of computer memory modules and peripheral products	1,693	1,693	100	100	196,638	(10,586)	(10,589)	Note 4
	Transcend Information Trading GmbH, Hamburg	Germany	Wholesaler of computer memory modules and peripheral products	2,288	2,288	-	100	88,857	(670)	(670)	Note 4
	Transcend Information (H.K.) Ltd.	Hong Kong	Wholesaler of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	9,933	5,364	5,364	Note 4

Note 1: The Company does not directly recognize the investment income (loss) except for the subsidiaries directly held.
Note 2: Subsidiaries of the Company.
Note 3: Subsidiary of Saffire.
Note 4: Subsidiaries of Memhiro.
Note 5: Please refer to Note 6 (7).

Transcend Information, Inc.

Information on investments in Mainland China

Nine months ended September 30, 2017

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine months ended September 30, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee as of September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the nine months ended September 30, 2017 (Note 2)	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Transcend Information (Shanghai), Ltd.	Manufacturer and seller of computer memory modules, storage products and disks	$ 1,134,178	(2)	$ 1,134,178	-	-	$ 1,134,178	($ 30,221)	100	($ 30,175)	$ 1,466,355	$ 1,464,028	-
Transtech Trading (Shanghai) Co., Ltd.	Wholesaler, agent, import andexport and retailer of computer memory modules, storage products and computer components	16,310	(2)	16,310	-	-	16,310	(6,326)	100	(6,326)	15,427	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Transcend Information (Shanghai), Ltd.	$ 1,134,178	$ 1,134,178	$ -
Transtech Trading (Shanghai) Co., Ltd.	16,310	16,310	-
	$ 1,150,488	$ 1,150,488	$ 11,918,762

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area (Memhiro Pte Ltd.), which then invested in Mainland China.

(3) Others.

Note 2: The financial statements that are reviewed and attested by R.O.C. parent company’s CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars