

CATCHER TECHNOLOGY CO., LTD
2019 Annual Report

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This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Luxembourg Stock Exchange, code EMTF

Disclosed information can be found at BLOOMBERG Website

6. Webpage of the Company

<http://www.catcher-group.com>

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APPENDIX 2 、 FINANCIAL STATEMENT AUDITED BY ACCOUNTANT DURING THE MOST RECENT FISCAL YEAR	
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One · Letter to Shareholders

Dear Shareholders,

Due to the intensified global trade relationship, Brexit and regional geopolitical instability etc., the global economy was continuously affected in 2019. Although the economy is still growing slowly, conflicts and hidden problems still exist.

As the market volatility, seasonality and uncertainty are more serious than before, corporate is facing a more severe operating environment. Thanks to the efforts of all employees, Catcher Technology has overcome the gloom of sluggish demand in the first half of the year and created a strong growth performance in the second half of the year. In 2019, the group's consolidated revenue reached NT \$ 91.6 billion, which was only slightly lower than NT\$95.4bn in 2018.

In the past year, Catcher moves forward with more solid and diversified in operation and technologies. Catcher not only strengthened its position in the supply chain, but also penetrated into other sectors. As for products, Catcher continues to strengthen its leading position by adding new products. With better automation and execution capabilities, Catcher continues to perform above-industry financial results.

Catcher, as the leading global brand in the structure component, has the most complete process matrix capability, client bases, and production lines. In the long term, Catcher still sees the growth trend in the industry, and will continue to utilize its diversified material, process, innovation, production techniques, vertical integration, leading automation, the best cost structure, and large scale, to raise the entry barriers of the structure component industry, and reinforce the leading position in the market.

Looking forward to 2020, COVID-19 affected global economy and left higher uncertainty for this year. Catcher will take a stable approach. In addition to existing products, we will more aggressively introduce new products and new customers. We will leverage our superior industry position and diversification as the mid to long term growth drivers.

Industry Development and Outlook

In this competitive smart device industry, innovation, quality, and value are still the focuses of brand customers. In smartphone, notebook, and tablet PC, companies with mid-high end products still enjoy higher earnings than peers. Hence, brand customers are adding mid-high end products' portion, at the same time increasing shipment. With this trend, we see rising adoption rate of high-end metal and composite material. Clients continue to enhance level of complexity, and develop new surface treatment technologies with casing suppliers, which contribute to the high customization, high complexity, high degree of difficulties of casing production. Catcher continues to fully utilize various materials, different process, the best execution, and mass production capabilities, to deliver the best result for clients.

Although there are numerous number of material and process on the market, only metal can provide this best-in-class quality, structure, intensity, and complete protection for the casing. In the high-end structure component, metal structure components possess the most complete supply chain, and best cost structure for mass production. Metal plus unibody process can provide high quality, lightness, thinness, and firmness, which cannot be replaced by other material or process. Besides, metal is a green material, which can be fully recycled for the best benefit of the globe. The large capacity requirement, along with the features mentioned above, we see a more predictable trend for material, process, and design in casing sector. For the mid-high end products, metal is still the best solution. Either aluminum, Mg, or stainless steel; the whole casing or frame design, belongs to the definition of "unibody", and is the main product and competitive advantage of Catcher.

In the past few years, many global smartphone brands released smartphones with the design of frame plus glass cover. This design didn't diminish the importance of metal, but actually enhance it, due to the higher complexity, thinner design, and higher strength. This corresponded to Catcher's view- more predictable in material and process.

Financial performance

The consolidated revenue of the Catcher Group in 2019 was NT\$91.6 billion. The consolidated gross profit margin of the group was 24%. The consolidated net profit after tax was NT\$11.272 billion, and the basic earnings per share was NT\$14.63.

Operation Results (Group)

Unit: in thousand NTD

Item	2019		2018	
	Amount	%	Amount	%
Sales revenues	91,628,115	100%	95,416,141	100%
Gross Profit	22,266,895	24%	38,624,196	40%
Operating income	14,109,148	15%	29,604,362	31%
Income before tax	19,983,261	22%	41,319,136	43%
Net income	11,272,124	12%	27,972,188	29%

Profitability (Group)

Item		2019	2018
Return on assets		5%	12%
Return on equity		8%	20%
Percentage of capital	Operating income	183%	434%
	Income before tax	259%	425%
Net income to sales		12%	29%
EPS (NTD)		\$14.63	\$36.31

Research and Development

In order to maintain the company's leading position, we keep applying various composite materials, and developing more advanced technologies. By calling on its rich experience in basic material science and physical/chemical surface treatments, Catcher adopts different materials and different processes in combination with a variety of secondary processing and surface treatments in a multilayer, multi-directional approach to make products and an in-house technology with high precision, high value-added, and high mass production capacity.

The current directions in research and development include special magnesium alloys, aluminum alloys, stainless steel, carbon (glass) fiber, plastic casing, glass, powder and other metal applied on products' casing and structural design. Catcher offers customers with one-stop shopping solutions based on the complete and strong technology matrix. In addition, the company also adopts laser engraving of components, along with seamless welding, metal /plastic injection mold techniques, etching and multi-color surface treatment techniques, and high precision extrusion techniques for large metal casing in smartphones, notebooks and tablets to achieve the high quality. Besides, the company also invests a lot of effort in extending into other niche products.

With the handheld devices moving toward high frequency, high speed, and high computing, 5G/heat dissipation become critical issues. Catcher will dedicate more research resources in this area as this could be a challenge and opportunity to Catcher and other peers.

Business strategies

Catcher made a large investment in production automation, which has already contributed significantly to the production management. Therefore, it is the key to enhance the production stability,

productivity, and expand the capacity further. We will aim to actively achieve human resource optimization and accumulate resources for progress. To boost the company's growth, we will continue our development of core products and technologies, expansion of new customers, and diversification of applications.

Besides achieving business goals, Catcher also puts efforts in Corporate Social Responsibility. Catcher formed a team focusing on corporate social responsibility, publishing corporate social responsibility report, investing in green energy, promoting the investigation on greenhouse-gas, setting goal of energy saving and carbon reduction, attending charitable activities, earning Sports Enterprise Certification, and enhancing the communication with stakeholders

Important sales policies

In terms of the outlook of the metal casing business: We still expect smartphones to continue to be the largest growth driver. We also see notebooks and tablets as other main drivers of company's revenue. Overall, looking at the design trend of each consumer electronic device mentioned above, metal will be the best solution.

Catcher will keep enhancing its product mix and value to meet customers' demands and to gradually implement fastest manufacturing/sales support for the customers. In order to achieve instant customer services, sales, manufacturing, and R&D will be closer to the customers with the aim to progress at the same pace as the customers.

Effects of external competition, legislative environment, and macro environment

In terms of external competition, the IT electronics industry will be increasingly compressed as technology progresses in leaps and bounds and new products are being constantly launched. The general positive outlook of metal component parts is drawing a wave of new competitors, creating a significant amount of pressure on the existing businesses. However, competition is inevitable and serves to maintain positive catalyst among this industry. In order to ensure our leading position, the company pays close attention to the markets and technological development and changes by collecting and analyzing the information on different materials and manufacturing process. The objective is to reduce the impact of changes in technology while continuing to enhance advanced technologies. In addition to investing in basic material science, the company also reinforces development in different material molding as well as processing and surface treatments, enhances core R&D techniques, and diversifies its products and lift them onto higher levels to secure and stabilize profits. Excellent production techniques and huge capacity will be utilized to provide premium customer services in order to strengthen long term relationships.

With respect to the legislative environment in Taiwan and overseas, countries around the world have been launching environmental protection laws regarding electronic products. In addition, the tier-1 brand customers set the high requirement on its suppliers' code and demand all of the vendors to comply strictly. The company has always been committed to environmentally friendly production processes and will undoubtedly meet the legislative requirements and keep up with the global trend. The company will continue to monitor, update, and comply with any new legislative implementation in order to decrease management risk.

As the macro environment becomes more complex, it becomes more difficult to anticipate the changes and volatilities. The company will take into account the industry conditions and macroeconomics, and carefully evaluate and select the best strategies.

Business outlook and targets

Catcher has been focusing on smartphones, notebooks, tablets, and wearable devices. In 2020, although suffering from impact of COVID-19, Catcher still expects more new products from Non-

consumer electronics area, and we will continue to diversify company's customers and products mix.

For smartphone market in 2019, Credit Suisse indicates the shipment of smartphones was around 1.373 billion, down 2.1% y-y from 1.403 billion last year. They also estimates the smartphone will decrease to 1.284 billion units in 2020, but up 6.9% to 1.373 billion units in 2021. High value-added and product differentiation will be the fundamental for tier 1 brands to expand market share. Moreover, to reach the goal of transmission speed, metal casing has become more complicated and the enhance difficulty of manufacturing. The trend of metal casing design also leads to the "bigger gets bigger" in the industry. As a result, the strong demand of metal casing will keep growing, which also represents its irreplaceability.

Morgan Stanley states notebook shipments of 2019 were 170.1 million, compared to 163.6 million units in 2018, up 4.0% y-y. They estimates that the NB will decline to 154.8 million units in 2020 but grow back to 165.6 million in 2021. Overall notebook market will return stabilize and orders are concentrating to leading brands, which leads to higher penetration of high-end metal casing and hybrid design. Therefore, We expect to see continuous growth in NB business in 2020.

Morgan Stanley indicates the shipment of Tablet PC in 2019 was around 144 million units, compared with 146 million in 2018, down by 1.34%. They forecast that tablet will slightly decrease to 126/119 million units in 2020/2021 and the market gradually becomes stable. Even though big screen smartphones replace some demand of small tablets, tablets still create market segmentation due to launch of big tablet, trend of 2-in-1 and needs for education. After development in the past few years, the concentration of tablet market is getting higher. Consider to the strength of portable mobile device, metal casing is definitely one of the most significant specs.

Chairman Shui-Shu Hung



Manager Tien-Szu Hung



Accounting Manager Mei-Hsin Chen



Two 、Corporate Profile

1. Date of Incorporation: November 23, 1984

2. Milestones

- 1984: Located in No. 60, lane 77, Hai-zhong street, Tainan city with initial capital of NTD2 million, Catcher began to develop aluminum alloy casting parts for hard drives.
- 1986: Increased NTD3 million capital in cash and paid-in capital totaled NTD5 million. Commenced mass production for hard drives to supply Micro Science Technology, the largest hard drive manufacturer in Taiwan, and began to develop magnesium alloy die casting technologies.
- 1987: Magnesium alloy die casting technology developed smoothly, and Catcher received the first order from Prime Company for 5 1/4" floppy drive reading/writing arm.
- 1988: The Company's products quality was highly accepted by customers, and in order to enlarge business size, the Company decided to buy a new land in Yung Kang Industrial Park of 4,958.55 square meters, for building new plants and equipments.
- 1989: Moved in No. 79, Huan-Gong road, Yong-Kang city, Tainan County, and procured our first hot chamber die casting machine from a German manufacturer to produce magnesium alloy reading/writing arms for hard drives. This mentioned above high-tech machine has even attracted Japanese casting companies' attentions and visited the Company purposely. In the same year, the Company purchased Toshiba's aluminum alloy die casting machine, 800 tons, and vacuum casting equipments to produce the aluminum alloy casting parts and components. The Company then exported to Japan the aluminum alloy casting parts, which could stand high temperatures up to 400℃.
- 1990: Increased NTD10 million capital in cash, and paid-in capital totaled NTD15 million. Aggressively developed foreign markets by attending trade exhibitions, included in the USA, Canada, Japan, Germany, Belgium, and Netherlands, to seek for potential customers. The Company's foreign orders of magnesium alloy casting parts were used in mobile phone, and the extremely matured technology became our major competitive advantage internationally.
- 1991: Improve the quality of die casting parts, the Company applied Switzerland vacuum casting technology to its products and achieved very satisfied results. The Company started to export hard drive chassis and casings to Singapore this year, and due to product's high quality, sales orders were piling up.
- 1992: Cash offering of NT\$10 million, and paid-in capital totaled NT\$25 million. The Company gradually established its reputation in the foreign market, and the Company's superior technology and product quality had placed it on international hard drives manufacturers' approved vendor lists, too. The Company's matured mass production technology in producing précised die casting parts attracted a great many foreign price quotation requirements.
- 1994: Cash offering of NT\$15 million, and paid-in capital totaled NT\$40 million. The Company was accredited with ISO 9002 from DNVI and started to cooperate with Acer Inc., one of the largest PC brand names manufactures in Taiwan, to develop notebook PC components made by magnesium alloys casting parts.
- 1995: Cooperated with Acer Inc., to develop notebook PC components made by magnesium alloys casting parts.

- 1996: Paid-in capital totaled NTD80 million, after re-capitalization from retained earnings and surplus of NTD20 million in June, respectively. The Company introduced Taiwan first Magnesium alloy chassis for NB at that time, and offered outstanding thermal and EMI solution to notebook PC manufacturers.
- 1997: Increased the paid-in capital to NTD192 million, through cash offering of NTD80 million, and NTD32 million of retained earnings, in April and June, respectively. The Company was accredited with ISO 9001 from BVQI; meanwhile, and its board of directors submitted an IPO proposal on account of company's expanding business scale and funds needs, also officially registered the Company's name as "Catcher Technology Co., Ltd.". The Company received approval from SFC later, and went public this year.
- 1998: Procured magnesium alloy casting machines, 500 tons and 200 tons, in May and November, respectively, procured 22 CNC processing machines from May to November, and added 7 more roast-and-plate production lines at the end of the year. Together with the procurements of mentioned above equipments, and to fulfill the growing needs of expanding capacity, the Company again bought in two buildings from court-auction market, which located at No. 5, Huan Gong Road and No. 12, Jung Zhong Road, Yung Kong City. Increased the paid-in capital to NTD 327,030 thousand, through capitalization of NTD 134,400 thousand of retained earnings and NTD630 thousand of employee bonus shares in December. Meanwhile, two new directors and one supervisor were elected; the newly elected supervisor was a delegate from China Development Industrial Bank, a new institutional investor by holding 7.81% outstanding shares of the Company, totaling 1.5M shares in October.
- The Company mapped out the Company's Enterprise Resource Planning to streamline operation in the late of this year, and was accredited with COMPAQ and DELL in relative business fields. Obviously, all of the mentioned above actions benefited the Company in terms of increase productivity and strengthen globalization.
- 1999: To meet the expanding production capacity, the Company added 10 more magnesium alloy die casting machines at the end of October, including 500 tons, 315 tons, and 200 tons, respectively, purchased 20 CNC processing machines in June, and acquired in 1 new plant in July.
- Capitalized NTD133,512 thousand from retained earnings (included employee bonus of NTD 2,700 thousand) in April, and cash offering of NTD100,000 thousand (2 million shares at a premium NTD50 per share) in May; the paid-in capital totaled NTD 480,542 thousand .The Company's shares traded on the ROC over-the-counter market on November 1, 1999.
- 2000: After cash offering of NTD80,000 thousand (8,000 thousand shares), paid-in capital totaled to NTD560,542 thousand; net proceeds of NTD1,320,000 thousand from the mentioned above cash offering plan, at a premium of NTD165 per share.
- Again, increased the paid-in capital to NTD844,413 thousand from retained earnings NTD 283,871 thousand (included NTD3,600 thousand of employee bonus shares), in June. Signed proprietary contract of "reciprocating extrusion process" with National Chin Haw University for licensing this special patent in our 3C, aerospace, and optic products, to improve and innovate the magnesium alloy, and basic magnesium alloy materials. As for the capacity expansion, the Company procured 6 debarring remover machines (from August to December), 35 sets of die casting and polishing robots, 1 high speedy process machines, and 4 computer softwares for mold flow dynamic series analysis. In order to widen our operation space and business scale, we again decided to rent 72,725.4 square meter of land from Taiwan Sugar Co. to build up Ren-Ai main manufacturing base and locate equipments and machines. The Company made every effort to achieve world leading technique as well as the unique global vertical integrated process.
- 2001: In April, the Company procured cold magnesium die casting machine, 750 tons, 10 units of magnesium alloy casting machine, 125 tons, and 5 packs of coating robots, and die

casting robots, for enhancing company's current capacity.

In February, the Industrial Bureau of the Ministry of Economic Affairs approved our project of "Leading products development plan", given another evidence of our superior R&D ability in high-tech products. In July, the Company moved into our Ren-Ai plant with 72,725.4 square meters; the relocation of 5 consolidated facilities ensured the Company to lower the inter-facility's production failures, and shorten process cycle, as well as to increase the efficient usage of human resources in material and process, and reduced the costs of communication and transportation in between. After capitalization of NTD176,083 thousand (included NTD7,200 thousand of employee bonus shares), paid-in capital totaled NTD1,020,496 thousand. Furthermore, the Company became the listed stock company in TSE on Sep. 17, 2001. The Company was accredited with product certification from APPLE, MOTOROLA, LG, and SAMSUNG, received orders from international brand names, and produced massive volume in PDA and mobile phones' casings.

- 2002: In March, the Company issued its first secured corporate bond of NTD 700 million with a 2.795% annual coupon rate, defined the bonds as A, B, and C by issuance dates, and paid interests annually. The redemption will be available after the 3rd, 4th, and 5th anniversaries of the issue dates at a rate of 30%, 30%, and 40% of the bond principal.

Driven by increasing demand for developing products and expanding capacity, the Company procured hundreds of CNC process machines and 100 thousand grades clean room mobile phone plating equipment. At the same time, the Company extended business into producing desk-top computer chassis and casings, and received orders from international brand names with satisfied shipment situation. Moreover, our Suzhou base in China began to mass production.

In October, capitalization from retained earnings of NTD265,862 thousand (included NTD10,738 thousand of employee bonus shares) and surplus of NTD51,025 thousand, and paid-in capital totaled NTD1,337,383 thousand.

- 2003: In September, capitalization from retained earnings of NTD213,607 thousand (included NTD13,000 thousand of employee bonus shares), paid-in capital increases to NTD1,550,990 thousand. Issuance of ECB, accounting for USD 50 million.

- 2004: To be honored with "first-place award in the Integrated Operating Performance" of the Top 1,000 Taiwanese Corporations in China published by China Credit Information Service in conjunction with the Commercial Times.

In September, capitalization from retained earnings of NT\$325,598 thousand (included NT\$15,400 thousand of employee bonus shares), paid-in capital increases to NT\$1,876,588 thousand dollars.

In November, the convertible bond transferring to common shares amounted to US\$ 1,500 thousand, with the convertible price NT\$105. In total, the paid in capital achieved NT\$1,881,469 thousand including additional 488,100 common shares issuance.

The subsidiary in China ramped up the capacity, which significantly contributes to group business. Catcher invested in TOPO Technology (Suzhou) Co., Ltd. for the need of expansion in capacity.

- 2005: To be honored with the "most profitable Taiwanese corporation in China" and "third-place award" in the Integrated Operating Performance of the Top 1,000 Taiwanese Corporations in China published by China Credit Information Service in conjunction with the Commercial Times.

Capitalization from retained earnings of NT\$782,327 thousand (including NT\$29,740 thousand of employee bonus shares) in October and paid in capital increased to 2,821,616 thousand dollars. In addition, the Company issued Euro-convertible bond amounted USD 80,000 thousand. For the need of expansion in capacity and organization structure, Catcher invested in Aquila International (Suzhou) Co., Ltd. and off shore company GEMINI International Co., Ltd.

The subsidiary, Topo Technology (Suzhou) Co., Ltd. has started mass production and shipment.

- 2006: To be honored with “Forbes Asia”s 200 Best under a billion”.
 To be honored with “Number 19 on Asian BusinessWeek 50 Scoreboard”.
 To be honored with “Standard & Poor's Blue-Chip Stock”.
 Catcher invested in Meecca Technology (Suzhou) Co., Ltd. and in the meantime procured hundreds of CNC process machines and other production equipment as well as operating labors in the fourth quarter. In October, capitalization from retained earnings of NTD1,194,729 thousand (included NTD\$25,000 thousand of employee bonus shares) and in addition the Euro-Convertible bond has been transferred to common shares amounted 10,951 thousand shares and paid-in capital increased to NT\$4,141,365 thousand dollars.
- 2007: To be honored with “First-place award in the Top 10 Benchmark Corporation investing in China” and Second-place award in the “Most Qualified Overseas IPO of Top 10 Subsidiary Company in China” of the “Business Groups in Taiwan” published by China Credit Information Service.
 Capitalization from retained earning of NT\$1,274,442 thousand (including NT\$32,000 thousand of employee bonus shares) in October and paid in capital increased to NT\$5,415,917 thousand dollars. To integrate and reorganise the offshore investment structure and to ease the management, Cepheus International Co., Limited, Cygnus International Co., Limited, Lyra International Co., Limited, Uranus International Co., Limited were incorporated in Hong Kong and Castmate International Pte. Ltd., Norma International Pte. Ltd., Saturn International Pte. Ltd. were incorporated in Singapore.
- 2008: Capitalization from retained earning of NT\$581,242 thousand (including NT\$39,650 thousand of employee bonus shares) in November and paid in capital increased to NT\$5,997,159 thousand dollars.
 The Company bought in a building located at No. 500, section 2, Bentian Rd.
 To comply with the expansion plan of corporate operation and China’s preferential policy for foreign investment, Catcher set up Catcher Technology (Suqian) Co., Ltd. in China.
- 2009: The Company was accredited with ISO 14001 in September.
 Capitalization from retained earning in November. The paid in capital increased to NT\$6,649,085 thousand after the capitalization.
 Convertible bonds issued for NT\$ 5 billion in December.
 The Company invested in 100% owned subsidiaries in China for USD 93 million.
- 2010 Consolidated sales revenue was 21.8 billion. It achieved the highest record in the history. Focus on the Unibody Design of Smartphone business, expanded the CNC capacity, and became one of the leading casing company with meaningful CNC capacity.
 Catcher Technology (Suqian) started the mass production.
- 2011 Consolidated sales revenue was 35.9 billion, net profit was 10.67 billion. Both of sales revenue and net profit in 2011 were the record high.
 1st Global Depository Receipts (Issue Amount USD 220,028 thousand with 6,700,000 units) issued in 2011.
 2nd domestic unsecured convertible bonds (Total Amount NTD 4.5 billion) issued in 2011.
 2011 Job creation Contribution Award by Executive Yuan.
 2011 Taiwan’s Top 100 Innovative Corporate Award by Industrial Development Bureau of the Ministry of Economic Affairs
 2012 Taiwan’s Top 100 High Tech Corporate Award by Business Next Media Group.
 Capitalization for Catcher’s subsidiaries, such as Catcher Technology (Suqian), Catcher Technology (Suzhou), TOPO Technology, and Meecca Technology.
 Donations to Japan-Miyagi Prefecture for 311 Great East Japan Earthquake disaster area.

- 2012 Consolidated sales revenue was 37.0billion, and net profit was 10.89 billion. Both of the sales revenue and net profit in 2012 were the record high.
Catcher was ranked one of the 1,000 fastest growing companies in the world.
Catcher was ranked as No.5 of 2012 Taiwan Corporate Award & No. 3 of Top 10 the Best Profitable Company; No.10 of Top 10 Growth Corporate.
- According to the Group's development strategy, Catcher set up VITO Technology (Suqian) Co., Ltd. and Topo Technology (Taizhou) Co. Ltd. which were approved by the Investment Commission.
- 2013 Consolidated sales revenue was 43.2billion, and net profit was 13.8billion. Both of the sales revenue and net profit in 2013 hit the historical high.
Awarded the best international trades vendors in 2012 by the Bureau of Foreign Trade, MOEA
- 2014 Consolidated sales revenue was 55.2billion, and net profit was 17.8billion. Both of the sales revenue and net profit in 2014 hit another historical high.
According to the Group's development strategy, Catcher set up Arcadia Technology (Suqian) Co., Ltd., which was approved by the Investment Commission.
- 2015 Consolidated sales revenue was 82.4billion, and net profit was 25.1billion. Both of the sales revenue and net profit in 2015 hit historical high.
Forbes magazine voted Catcher technology as one of best top 50 corporations in Asia, the only one from Taiwan.
- 2016 2016 Consolidated sales revenue was 79.1 billion, and net profit was 22 billion. Both of the sales revenue and net profit in 2016 hit historical 2nd high.
Catcher's awarded by Ministry of Education for "2016 Sport corporation"
Harvard Business Review votes chairman of Catcher Technology as 3rd place of top 50 CEO in Taiwan, and 1st place in the computer peripheral sector.
Nikkei (Japan) voted Catcher technology as one of Top 300 Asian companies.
Catcher Is Awarded by (MIT) Management Institute in Taipei as Exelent Taiwanese Corporation in China
- 2017 2017 Consolidated sales revenue was 93.3 billion, which recorded another historical record-high.
For the Group's development strategy, Catcher set up Envio Technology (Suqian) Co., Ltd.
Catcher was awarded Forbes Global 2000 and ranked 178th in the growth company segment, and 51st in the global leading company segment
Catcher was ranked the 14th in the Nikkei Asia 300
To eco the "Green Power Program" hosted by the Ministry of Economic Affiars, Catcher voluntarily purchased and consumed 1,000,000 degrees of 2017 green power, which could reduce 528mt of CO2 emission.
- 2018 Nominated as 1000 High-Growth Companies Asia-Pacific by Financial Times in 2018
Catcher's 1st and 2nd plants in Tainan Technology Industrial Park have passed the Cleaner Production Assessment hosted by Industrial Development Bureau, MoEA.
Catcher was ranked the 14th in the Nikkei Asia 300
Catcher was awarded Forbes Global 2000 and ranked 188th in the growth company segment.
Catcher ranked 24th in Forbes Top 100 Digital Companies, 1st among Taiwanese companies.
2018 Consolidated sales revenue was 95.4 billion, which recorded another historical record-

high.

Awarded sport enterprise certificate by Sports Administration, MoE.

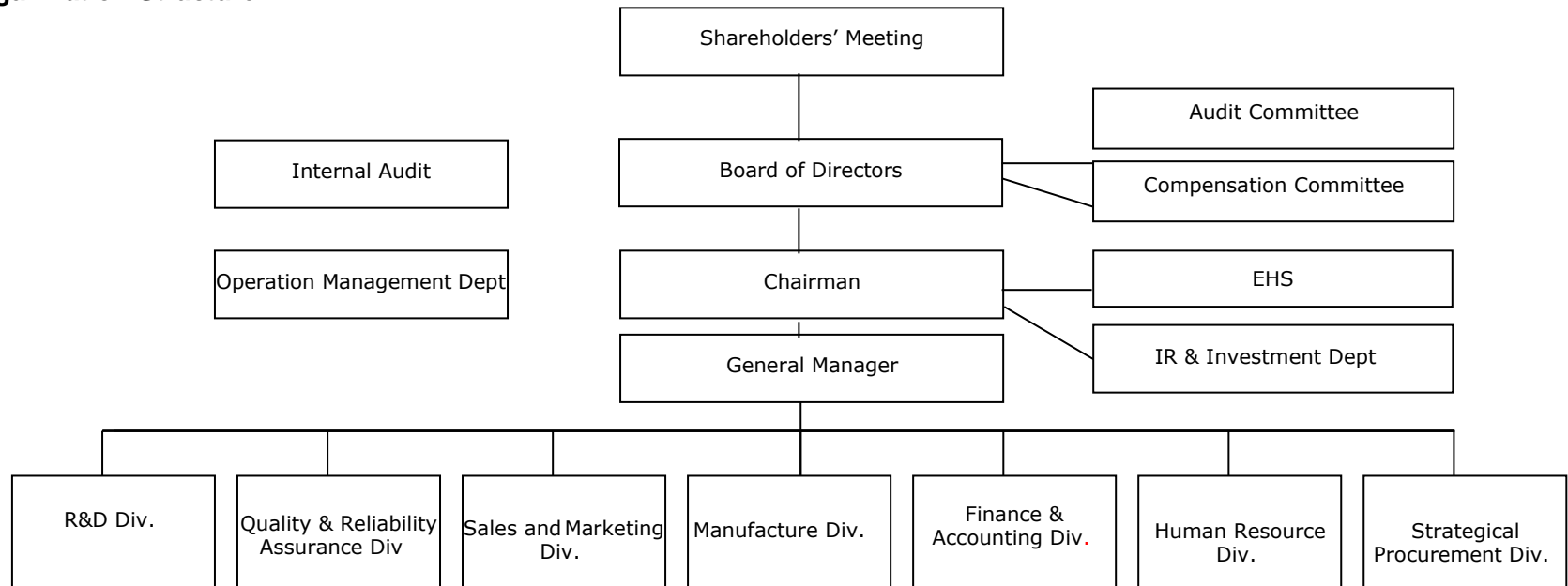
Awarded Top 20 Happiness Enterprise of Technology Industry by 1111 Job Bank.

2019 2019 Consolidated sales revenue was 91.6 billion.
2019 top 20 happy companies

Three 、 Corporate Governance Report

1. Corporate Organization

(1) Corporate Organization Structure



(2) Organization Functions:

- **Internal Audit:** Internal controls and operational processes auditing and monitoring
- **Operation Management:** Overall business management, strategy and standards establishment and evaluation.
- **R&D:** Technologies, techniques, and manufacture processes research and development.
- **Quality & Reliability Assurance:** Product inspection and quality assurance.
- **Sales and Marketing:** Product branding, marketing, sales and customer service.
- **IR & Investment:** Communicate with shareholders and investors, and corporate investment.
- **Manufacture:** Manufacture and processes in diversity module products.
- **Finance & Accounting:** Finance and accounting, investors' relationship, and stock affair management.
- **Human Resources:** Human resource management and organization development.
- **Strategical Procurement:** Procurement strategy and vendor resources management.
- **EHS:** Company's Environment, Safety, and Health issues

2. Information Regarding Directors and Management Team

(1) Directors' Information

2020/02/29; Unit: share

Title	Nationality/ Country of Origin	Name	Gender	Date First Elected	Term (Yr)	Date Elected	Shareholding when Elected		Present Shareholding		Spouse& Minor Shareholding		Specific Person Shareholding		Education& Experience	Also Serves Concurrently as	Other Directors & Supervisors spouse or immediate relatives Directors & Supervisors	
							Common Share	%	Common Share	%	Common Share	%	Common Share	%			Title	Name
Director	Taiwan	Shui-Shu Hung	Male	2013.06.13	3	2013.06.13	10,704,834	1.39%	10,704,834	1.39 %	18,409,961	2.39 %	-	-	Medical School / National Taiwan University Chairman of Catcher Technology	Chairman of Catcher Technology Chairman & Director representative of Catcher Technology's subsidiaries Chairman of Kai-Yi Investment Co., Ltd	Director	Tien-Szu Hung Shui-Sung Hung
Director	Taiwan	Tien-Szu Hung	Male	2013.06.13	3	2013.06.13	10,661,889	1.38%	10,661,889	1.38 %	15,364,013	1.99 %	-	-	Chairman of Chia-Wei Investment Co., Ltd.	General Manager of Catcher Technology Director Representative of Catcher Technology's subsidiaries Chairman of Chia-Wei Investment Co., Ltd.	Director	Shui-Shu Hung, Shui-Sung Hung
Director	Taiwan	Shui-Sung Hung	Male	2013.06.13	3	2013.06.13	10,278,970	1.33%	10,278,970	1.33 %	6,901	0%	-	-	Chairman of De-Neng Investment Co., Ltd.	Chairman of De-Neng Investment Co., Ltd.	Director	Shui-Shu Hung, Tien-Szu Hung
Director	Taiwan	Mon-Huan Lei	Male	2013.06.13	3	2013.06.13	-	0%	-	0%	-	0%	-	-	Medical School / National Taiwan University Adjunct Instructor of National Taiwan University College of Medicine	Independent Director/ Audit Committee Member/Compensation Committee Member of Catcher Technology Assistant administrator of Lotung Poh-Ai Hospital	—	—
Independent Director	Taiwan	Wen-Che Tseng	Male	2019.06.12	3	2019.06.12	-	0%	-	0%	-	0%	-	-	National Cheng Kung University (Masters in Advancement Management) Executive Vice President of the Tax Department, Deloitte & Touche	Independent Director/ Audit Committee Member/Compensation Committee Member of Catcher Technology Juristic-person director of Bank Of Kaohsiung Independent Director/ Audit Committee Member/Compensation Committee Member of Wei Chih Steel industrial co., Ltd. Independent Director/ Audit Committee Member/Compensation Committee Member of Huayulien Development Independent Director/ Audit Committee Member/Compensation Committee Member of Goldsun Group	—	—
Independent Director	Taiwan	Tsorn- Juu Liang	Male	2019.06.12	3	2019.06.12	-	0%	-	0%	-	0%	-	-	University of Missouri (Ph.D., Department of Electrical Engineering) University of Missouri (Ph.D., Department of Electrical Engineering)	Independent Director/ Audit Committee Member/Compensation Committee Member of Catcher Technology	—	—
Independent Director	Taiwan	Ming- Yang Cheng	Male	2019.06.12	3	2019.06.12	-	0%	-	0%	-	0%	-	-	University of Missouri (Ph.D., Department of Electrical Engineering)	Independent Director/ Audit Committee Member/Compensation Committee Member of Catcher Technology	—	—

Directors' and Supervisors' Professional Knowledge and Independence Information

2019.02.28

Name	Criteria	Five or more years of experience or professional qualification			Independence status (Note)												Number of companies also serves as independent director for
		Lecturer or above in business, law, finance, accounting or corporate business related fields	Qualification of justice, procurator, attorney, CPA, specialist or technician of national examination in corporate business related fields	Experience in business, law, finance, accounting or corporate business related fields	1	2	3	4	5	6	7	8	9	10	11	12	
Director Shui-Shu Hung		---	---	Yes	--	--	--	--	--	V	V	--	V	V	V	V	---
Director Tien-Szu Hung		---	---	Yes	--	--	--	--	--	V	V	--	V	V	V	V	---
Director Shui-Sung Hung		---	---	Yes	V	--	--	--	V	V	V	--	V	V	V	V	---
Director Mon-Huan Lei		---	---	Yes	V	V	V	V	V	V	V	V	V	V	V	V	---
Independent Director Wen-Che Tseng		---	---	Yes	V	V	V	V	V	V	V	V	V	V	V	V	3
Independent Director Tsong-Juu Liang		Yes	---	Yes	V	V	V	V	V	V	V	V	V	V	V	V	---
Independent Director Ming-Yang Cheng		Yes	---	Yes	V	V	V	V	V	V	V	V	V	V	V	V	---

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(2) Managers' Information

2020/02/29; unit: shares

Title	Nationality/ Country of Origin	Name	Date Elected	Present Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education & Experience	Also Serves Concurrently as	Other Directors & Supervisors being spouse or immediate relation with Directors & Supervisors		
				Shares	%	Shares	%	Shares	%			Title	Name	Relationship
General Manager		Tien-Szu Hung	2016.01.01	10,661,889	1.38%	15,364,013	1.99%	-	-	Chairman of Chia-Wei Investment Co., Ltd. General Manager of Catcher	Chairman of Chia-Wei Investment Co., Ltd.	-	-	-
Vice President		Kenny Chien	2010.01.01	110	0.00%	0	0.00%	-	-	MBA, National Taiwan University Graduate of Advanced Management Program(AMP)/Sloan School of Management, Massachusetts Institute of Technology EMBA/Fudan University Assistant Vice President / Dell Inc., Taiwan Vice President of Sales & Marketing Department of Catcher Technology	Supervisor representative of YueKang Heath management Co., Ltd	-	-	-
Vice President		James Wu	2010.03.01	0	0.00%	0	0.00%	-	-	MBA / Michigan State University Vice President of Finance and Accounting Division / Chunghwa Picture Tubes, Ltd Chief Investment Officer and Spokesman of Catcher Technology	Director representative of YueKang Heath management Co., Ltd Representative of Ke Yue Co., Ltd. Representative of Yi Sheng Co., Ltd. Representative of Yi De Co., Ltd.	-	-	-
Assistant Vice President		Frank Lee	2007.11.01	0	0.00%	0	0.00%	-	-	Scientific PHD / Ching Hua University R&D manager / Catcher Technology Co., Ltd.	None	-	-	-
Assistant Vice President		Brian Lee	2005.02.01	0	0.00%	8,985	0.00%	-	-	Mechanism / National Taipei University of Technology R&D manager / Catcher Technology Co., Ltd.	None	AVP	Irene Lin	Spouse
Assistant Vice President		Irene Lin	2005.02.01	8,985	0.00%	0	0.00%	-	-	St. Cloud State MBA Sale & Marketing Magager/Catcher Technology	None	AVP	Brian Lee	Spouse
Assistant Vice President		Mei-Hsing Chen	2012.01.01	54,234	0.01%	0	0.00%	-	-	EMBA / Nan-Tai University Finance & Accounting Manager/Catcher Technology	Director representative of Epileds Tech., Inc. Director of Catcher Technology's Hong Kong subsidiaries Representative of Ke Yue Co., Ltd. Representative of Yi Sheng Co., Ltd. Representative of Yi De Co., Ltd.	-	-	-

Associate General Manager		Yi-Fang Feng	2018.10.01	0	0.00%	0	0.00%	-	-	International Business / National Taiwan University Business Administration Master / National Taiwan University Synopsys Taiwan Co., Ltd. Inventec Group Associate General Manager of Business Dept. / Catcher Technology	None	—	—	—
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(3) The Compensation of Directors, Supervisors, and Managers
A. Director's Compensation

2019/12/31; Unit: thousand NTD

Title	Name	Remuneration to directors								Total A,B,C, D as % of EAIT		Compensation for Concurrent Employees								Total A,B,C,D,E,F,G as % of EAIT		Remuneration received by investing business other than company subsidiaries
		Remuneration		Retirement pension		Remuneration from distributed earning		Business implementation expenses				Salary, bonuses and special expenses		Retirement pension		Employee compensation						
		(A)		(B)		(C)		(D)				(E)		(F)		(G)						
Chairman	Shui-Shu Hung	-	-	-	-	16,444	16,444	998	998	0.15%	0.15%	9,949	9,949	256	256	76,280	-	97,716	-	0.92%	1.11%	None
General Manager	Tien-Szu Hung																					
Director	Shui-Sung Hung																					
Director	Mon-Huan Lei																					
Independent Director	Wen-Che Tseng																					
Independent Director	Tsornng-Juu Liang																					
Independent Director	Ming-Yang Cheng																					

*Directors' remuneration for services (e.g. non-employee consultant) to companies as stated in the financial statement in the most recent year in addition to the disclosed figures: None

Note1: The above mentioned Directors only include the incumbent Directors as of printing date.

Note2: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

Levels of Amounts of Compensation

Remuneration range for directors	Name of the directors			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
Less than NTD 1,000,000	Meng Huan Lei / Wen-Che Tseng / Tsorng-Juu Liang / Ming-Yang Cheng	Meng Huan Lei / Wen-Che Tseng / Tsorng-Juu Liang / Ming-Yang Cheng	Meng Huan Lei / Wen-Che Tseng / Tsorng-Juu Liang / Ming-Yang Cheng	Meng Huan Lei / Wen-Che Tseng / Tsorng-Juu Liang / Ming-Yang Cheng
NTD 1,000,000(included)~2,000,000 (excluded)				
NTD 2,000,000(included)~3,500,000 (excluded)				
NTD 3,500,000(included)~5,000,000 (excluded)				
NTD 5,000,000(included)~10,000,000 (excluded)	Shui-Shu Hung/ Tien-Szu Hung/ Shui-Sung Hung	Shui-Shu Hung/ Tien-Szu Hung/ Shui-Sung Hung /	Shui-Sung Hung	Shui-Sung Hung
NTD 10,000,000(included)~15,000,000 (excluded)				
NTD 15,000,000(included)~30,000,000 (excluded)				
NTD 30,000,000(included)~50,000,000 (excluded)			Shui-Shu Hung / Tien-Szu Hung	Shui-Shu Hung / Tien-Szu Hung
NTD 50,000,000(included)~100,000,000 (excluded)				
NTD 100,000,000 or More				
Total				

Note1: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

B. Managers' Compensation

2019/12/31; Unit: thousand NTD

Title	Name	Salary (A)		Retirement (B)		Bonus and special expense (C)		Employee compensation from distributed earnings (D) (Note 1)				Total A,B,C,D as % of EAIT		Remuneration received by investing business other than company subsidiaries
		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher		All consolidated entities		Catcher	All consolidated entities	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends			
Chairman	Shui-Shu Hung	16,641	29,668	743	743	2,785	4,365	89,049	-	137,789	-	0.97%	1.53%	None
General Manager	Tien-Szu Hung													
Vice President	Kenny Chien													
	James Wu													
	Lewis Huang													
Vice President	Jay Tseng													
	Lawrence Kuo													
	Jodan Yang													
	Magic Liu													

Note1: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

Levels of Amounts of Compensation

Remuneration Range for General Manager and Vice Presidents	Name of GMs and Vice Presidents	
	Catcher	All consolidated entities
Less than NTD 1,000,000		
NTD 1,000,000(included)~2,000,000 (excluded)		
NTD 2,000,000(included)~3,500,000 (excluded)		
NTD 3,500,000(included)~5,000,000 (excluded)		
NTD 5,000,000(included)~10,000,000 (excluded)	James Wu/Lewis Huang/ Kenny Chien	James Wu/Lewis Huang/ Kenny Chien/ Lawremce Kuo/ Magic Liu
NTD 10,000,000(included)~15,000,000 (excluded)		Jay Tseng/Jodan Yang
NTD 15,000,000(included)~30,000,000 (excluded)		
NTD 30,000,000(included)~50,000,000 (excluded)	Shui-Shu Hung/Tien-Szu Hung	Shui-Shu Hung/Tien-Szu Hung
NTD 50,000,000(included)~100,000,000 (excluded)		
NTD 100,000,000 or More		
Total		

Note1: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose

C. Managers' Compensation

2019/12/31; Unit: thousand NTD

	Title	Name	Stock dividends bonus Market value	Cash Compensation	Total	% of income after tax
Managers	Chairman	Shui-Shu Hung	0	103,975	103,975	0.92%
	General Manager	Tien-Szu Hung				
	Vice President	Kenny Chien				
	Vice President	James Wu				
	Senior Assistant Vice President	Lewis Huang				
	Assitant Vice President	Frank Lee				
	Assitant Vice President	Brian Lee				
	Assitant Vice President	Mei-Hsing Chen				
	Assitant Vice President	Irene Lin				
	Associate General Manager	Yi-Fang Feng				

Note1: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

(4) Comparison of Compensation of Directors and Managers in the Past Two Years

A. Analysis of remuneration as a percentage of income after tax for directors and managers.

Title	Item	% of income after tax				% of increase (decrease)	
		2019		2018			
		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities
	Director	1.12%	1.69%	0.79%	1.30%	0.33%	0.39%
	General Manager						
	Vice Presidents						

B. The Company's remuneration policy is according to the Company's development strategy and its personnel policy. The policy is set based on the industry standard. For the most recent two years, the remuneration to general manager and vice presidents includes salary, bonus, and employee compensation of distributed earnings. The salary and bonus are based on the Company's personnel policy. The employee compensation of distributed earnings is decided by the Board based on the annual earnings and profit distribution percentage which was approved by shareholders' meeting. As of the date of publish, the employee compensation of distributed earnings are yet to be approved by the AGM.

3. Corporate Governance Status

(1) Information of Board Meeting Operation

Number of meetings 2(predecessor); 4(current) (A) during the period starting from Jan. 2019 to Dec. 2019, attendance of each director is listed as follows :

Title	Name	Attendance (B)	Proxy Attendance	Attendance rate (%) (B)/(A)	Remarks
Chairman	Shui-Shu Hung	6	0	100	Elected on 2019/6/12
Director	Shui-Sung Hung	5	1	83.33	Elected on 2019/6/12
Director	Tien-Szu Hung	4	1	66.67	Elected on 2019/6/12
Director	Mon-Huan Lei	4	0	100	Elected on 2019/6/12
Director	Ming-Long Wang	2	0	100	Removed on 2019/6/12
Independent Director	Wen-Che Tseng	4	0	100	Elected on 2019/6/12
Independent Director	Tsorn-Juu Liang	3	1	75	Elected on 2019/6/12
Independent Director	Ming-Yang Cheng	4	0	100	Elected on 2019/6/12
Independent Director	Lih-Chyun Shu	2	0	100	Removed on 2019/6/12
Independent Director	Wen-Jie Huang	2	0	100	Removed on 2019/6/12
Independent Director	Mon-Huan Lei	2	0	100	Removed on 2019/6/12

Annotations:

1. There were no written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion:

(1) Items as listed in Article 14-3 of Securities and Exchange Act: None.

(2) Other matters of board of directors meeting which independent directors expressed objection or qualified opinions and with records or statement in writing in addition to the said items: None

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date of the meeting	Name of the Director	Item	Causes for avoidance and voting
2019.3.6	Shui-Shu Hung Tien-Szu Hung Shui-Sung Hung	Catcher's Board of Directors resolved to donate to Catcher Education Foundation	Director Sui-Shu Hung serves as Chairman of Catcher Education Foundation, and its second-degree relative shall conduct avoidance by non-involvement in discussion and voting. The resolution was approved by other attending directors of the board.
2019.8.9	Shui-Shu Hung Tien-Szu Hung Shui-Sung Hung	Catcher's Board of Directors resolved to donate to Catcher Education Foundation	Director Sui-Shu Hung serves as Chairman of Catcher Education Foundation, and its second-degree relative shall conduct avoidance by non-involvement in discussion and voting. The resolution was approved by other attending directors of the board.
2019.8.9	Shui-Shu Hung Tien-Szu Hung Shui-Sung Hung	Catcher distributed 2018 annual manager's compensation	Directors Shui-Shu Hung and Tien-Szu Hung are managers of this Company and shall conduct avoidance by non-involvement in discussion and voting. The resolution was approved by other attending directors of the Board.

3. TWSE/TPEX-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations."
4. Measures taken to strengthen the functionality of the Board: We believe that the basis for successful corporate governance is a sound and effective Board of Directors. In line with this principle, Catcher's Board of Directors has established a Compensation Committee on 2011/12/23 and an Audit Committee on 2013/06/13 to assist the Board in carrying out its various duties.

(2) Implementation Status of Board Evaluations

The company's regulation for measuring the performance evaluation of the board of directors and functional committees was established by the Board of Directors on 2019/11/9 and started to execute on 2020/1/1.

(3) Information Regarding Audit Committee's Operation

A. The state of Audit Committee's participation to the board meetings

Number of meetings 3(predecessor); 2(current) (A) during the period starting from Jan. 1 to Dec.31, attendance of Audit Committee is listed as follows

Title	Name	No. of times attended in person (B)	No. of times attended by proxy	Attendance rate (%) (B)/(A)	Remark
Audit Committee Member	Lih-Chyun Shu	3	0	100.00	Removed on 2019/06/11
Audit Committee Member	Mon-Huan Lei	3	0	100.00	Removed on 2019/06/11

Audit Committee Member	Wen-Jie Huang	3	0	100.00	Removed on 2019/06/11
Audit Committee Member	Wen-Che Tseng	2	0	100.00	Elected on 2019/06/12
Audit Committee Member	Tsornng-Juu Liang	2	0	100.00	Elected on 2019/06/12
Audit Committee Member	Ming-Yang Cheng	2	0	100.00	Elected on 2016/05/19

Other mentionable items:

1. If there are the circumstances referred to in Article 14-5 of the Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified: None
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
 - (1) The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. The communication channel between the Audit Committee and the internal auditor has been functioning well.
 - (2) The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. The communication channel between the Audit Committee and the CPAs has been functioning well.

(4) Corporate Governance Practices

Evaluation Item	Implementation Status ¹			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?		✓	The Company has not yet established the Corporate Governance Best-Practice Principles.	The Company has not yet established the Corporate Governance Best-Practice Principles but the related processes are inline with the principle.

<p>2 Shareholding structure & shareholders' rights</p> <p>(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?</p> <p>(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?</p> <p>(3) Does the company establish and execute the risk</p>	<p>✓</p> <p>✓</p>	<p>(1) The Company has designated the spokesman / deputy spokesman/ IR and specific persons to handle shareholders' recommendations or issues</p> <p>(2) The Company keeps close relationship with key shareholders, who have management control of the Company, or those who have ultimate control of this company. IRO or shareholders' Stock affair specialists were appointed to follow up the change of shareholding status.</p> <p>(3) Catcher has set up an "Affiliated Management Policy"</p>	<p>None</p>
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Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	✓ ✓		which rules risk control mechanisms and firewalls between the Company and its affiliated. (4) To protect shareholders’ rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members? (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the company establish a standard to measure the performance of the Board, and implement it annually? (4) Does the company regularly evaluate the independence of CPAs?		✓ ✓ ✓ ✓	(1) The Board consist of 7 Directors, 3 out of whom are independent directors, with practical experience or teaching experience as professors in the universities. The independent directors also include accountants, professors of Accounting Department/business college. Member diversification is considered by the Board members. (2) In order for the sound supervision and reinforcement of management, the Company has established the Compensation Committee and the Audit Committee and will also establish other committees according to regulations or operational needs in the future. (3) The company has established formulated rules and procedures for evaluating the Board’s performance on 2019/11/09 and will execute annually. (4) The Company evaluates the independence of CPAs periodically, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company. Besides, there are also internal rotations to ensure the independence of the CPAs.	None
4. Does the Company established a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders’ meetings according to laws, handle corporate registration and amendment registration, produce (or record?) minutes of board meetings and hareholders	✓		The company has assigned financial department to deal with corporate governace tasks. The company also arrange the personnel in charge of AGM, BOD meeting, committees and corporate governance matters.	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
meetings, etc.				
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has assigned spokesperson, deputy spokesperson and investor relations specialist for immediate communication with stakeholders. The Company has also built a designated section on the website for stakeholders for all the issues they care about and a channel to get appropriate response. In addition, the Company publishes Corporate Social Responsibility Report every year, and provides an annual stakeholders' survey, where the participants include employees, customers, suppliers, shareholders/investors, residents, governments, NPO/NGO, and media to better understand how much these stakeholders pay attention to the social responsibility issues. The Company could then take the feedback from the survey as reference and to achieve the goal of the expectation of the stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates CTBC Bank to deal with shareholder affairs. The address is 5F, No. 83, Sec. 1, Chung Ching South Rd., Taipei City, Taiwan; phone number: 02-66365566. Website: http://www.ctbcbank.com.tw/	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓ ✓		(1) The Company has set up a Chinese/English website (www.catcher-group.com) to disclose information regarding the Company's financials, business and corporate governance status. The Company also discloses other information according to the regulations requirement on MOPS website and thus investors may also refer to MOPS website for the Company's financials, operational information and corporate governance. (2) The Company has assigned an appropriate person (investor relations specialist) to handle information collection and disclosure, including English, Traditional Chinese, and Simplified Chinese) and established a spokesman system. Investor conference information is disclosed on the corporate website. The Company also holds or attend the analyst meeting/conference calls and the related information will be posted on MOPS or the Company's website.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<p>(1) Status of employee rights and employee wellness: Catcher commits itself to uphold the welfare of its employees complying with relevant regulations. Please refer to the “Employees” section on pages 66-67 of this annual report.</p> <p>(2) Catcher has appointed spokesman / deputy spokesman/ IRO to maintain fair relationship with our investors, provides contact information, releases operational reports periodically, and attends analysts meetings/conference calls to establish an immediate communication channel with our investors. Phone number: 02-27015900 #2812; website: www.catcher-group.com; email: IR@catcher-group.com</p> <p>(3) We value our suppliers and stakeholders as our assets and therefore sign contracts with our suppliers and customers to protect mutual rights and obligations and maintain a well relationship.</p> <p>(4) Stakeholders' protection: All stakeholders can have a smooth communication channel with the Company to secure their rights by email, phone, email and company website.</p> <p>(5) The status of Directors' training records: The Directors of the Company all have industry professions and practical experiences. In addition, the Company provides irregular training courses on different area, including financial, business operation or laws knowledge by their desire.</p> <p>(6) Status of risk management policies and risk evaluation: The Company holds Board Meetings at least once a quarter to supervise the operational status and risk management. Please refer to the “Risk Management” section on pages 86-87 of this annual report.</p> <p>(7) The Company has purchased D&O insurance for its directors and managers.</p> <p>(8) The Company has adopted electronic voting to enhance the information transparency to ensure the shareholders' right. In summary, the company is currently performing operations in compliance with relevant laws and regulations. The chapters of the forthcoming 2019 Corporate Social Responsibility Report can also help stakeholders better understand</p>	None

			the important information of various governance operations.	
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Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange Catcher was ranked in 66%~80% in Corporate Governance Evaluation in 2019. The implementation status regarding below non-scoring items:				
A. Whether the company's annual report and the website to disclose the list of major shareholders, including the proportion of more than five percent of the shareholders or equity ratio of the top ten shareholders, holding the amount and proportion?? Catcher has disclosed the information in 2019 annual report on page 55 to expose top ten shareholders and expect to disclose this information on company web site in the near future..				
B. Does the company refer to the International Report on the preparation of corporate social responsibility reports and other non-financial information? The Company has established the CSR team since 2014, which includes the employees from strategic management, auditors, labor safety, human resources, stragteic procurement, sales and marketing, investor relations department, in charge of the publish of CSR report and implementing the related CSR matters and report directly to the Chairman. Theres a CSR section on our website. http://www.catcher-group.com/tw/csr.aspx .				
C. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities? The Company has assigned spokesperson, deputey spokesperson and investor relations specialist for immedicate communication with stakeholders. The Company has also built a designated section on the website for stakeholders for all the issues they care about and a channel to get appropriate response. In addition, the Company publishes Corporate Social Responsibility Report every year, and provides an annual stakholders survey,where the participants include employees, customers, suppliers, shareholders/investors, residents, governments, NPO/NGO, and media to better understand how much these stakeholders pay attention to the social esponsibility issues. The Company could then take the feedback from the survey as reference and to achieve the goal of the expectation of the stakeholders. Theres a CSR section on our website. http://www.catcher-group.com/tw/csr.aspx .				
D. Does the company evaluate the records of suppliers' impact on the environment and societybefore taking on business partnerships? The Company has required all of its suppliers to follow their commitments on CSR, which includes voluntary labors, underaged labors, compensation or benefits, working time, anti-discrimination, health and safety, environmental protection, and moral behaviors. The Company has chosen 8 suppliers to audit its implementation on CSR based on customer portfolio and transaction scale during 2018 and chosen 9 suppliers to audit in 2019. In the future, Catcher will continue to work on the Suppliers' audit. Theres a CSR section on our website. http://www.catcher-group.com/tw/csr.aspx .				

(5) Composition, Responsibilities and Operations of Compensation Committee

A. The Company has set up Compensation Committee on 2011/12/23 according to Article 14-6 of Securities and Exchange Act and Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter and established Compensation Committee Charter, which is disclosed on MOPS.

B. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Wen-Che Tseng			V	V	V	V	V	V	V	V	V	V	V	3	
Independent Director	Tsong-Juu Liang	V		V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Ming-Yang Cheng	V		V	V	V	V	V	V	V	V	V	V	V	0	

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not been a person of any conditions defined in Article 30 of the Company Law.

C. The state of Compensation Committee's participation to the board meetings

Number of meetings 3 (A) during the period starting from 2019/06 to 2019/12, attendance of Compensation Committee is listed as follows

Title	Name	No. of times attended in person (B)	No. of times attended by proxy	Attendance rate (%) (B)/(A)	Remark
Convenor	Wen-Che Tseng	2	0	100.0	Re-elected on June 12 th , 2019
Member	Tsong-Juu Liang	2	0	100.0	Re-elected on June 12 th , 2019
Member	Ming-Yang Cheng	2	0	100.0	Re-elected on June 12 th , 2019
<p>Other mentionable items :</p> <p>1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.</p> <p>2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.</p>					

(6) Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status ¹			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation ²	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		(1) The Company to implete corporation social responsibility for a long time.The Company integrates and manages the potential risks of investors and stakeholders. The procedure will be audited by internal auditors and be assessed the effects regularly. Please refer to the CSR report or the risk management chapter in this report.	None
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		(2) The Company has established the CSR team, which includes the employees from strategic management, auditors, labor safety, human resources, stragteic procurement, sales and marketing, investor relations department, in charge of the publish of CSR report and implementing the related CSR matters and report directly to the Chairman.	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
3. Sustainable Environment Development (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(1) The Company has received ISO 14001 certifications for environmental management systems since 2009. Through promotion of ISO 14001, the Company has established effective monitoring management system to achieve the policy goal. In addition, in line with ISO 14001 concept of continuous improvement, the Company diligently carries out its responsibilities of pollution prevention, energy and resource conservation, waste reduction, accident prevention, and the establishment of a safe and comfortable work place.	None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2) The Company has always been committed to improving the utilization rate of various energy resources and promoting sustainable development. With industry-leading advanced process and technology research and development capabilities, in the early stage of process development and design, resource conservation and utilization efficiency are key considerations to save energy and reduce raw material consumption. We also do research and development to optimize resource utilization technology, which can strengthen the recycling economy and the methods of waste recycling and reuse, and gradually increase the proportion of the use of recycled metals and raw materials.	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		(3) The company fully understands the possible impact of energy use and greenhouse gas emissions on the environment and has independently assessed the potential risks and adaptation strategies of climate change to enterprises now and in the future. Please refer to our CSR report. Moreover, the company has been actively conducting greenhouse gas inventory operations since 2015, so as to effectively grasp the greenhouse gas emissions of the plant area, and find possible reduction space from the emission sources, and implement energy and greenhouse gas management policies.	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		(4) The Company has monitored the impact to the operation brought by the climate change and has completed many energy-saving projects in 2015, where we see significant effects. Moreover, through the promotion of ISO 14064-1 carbon footprint project, the Company has calculated the greenhouse gas emissions from the main operational scope and planned for the follow-up plans to decrease the greenhouse gas emissions.	

<p>4. Preserving Public Welfare</p> <p>(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p>	✓		<p>(1) The Company has established internal policies as guidelines to ensure the labor rights and benefits. Through periodic internal audits and improvement, the Company aims to provide a friendly working environment for the employees and to protect the employees from every department under different hierarchies.</p>	None
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Evaluation Item	Implementation Status ¹		
	Yes	No	Abstract Explanation ²
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(2) Catcher offers diverse welfare measures for employees to retain talents, so that colleagues can concentrate on work and continuous progress. In addition to designing a competitive salary system and appropriately reflect the results of operating performance on employees' salaries, there are also meal subsidies, full meal subsidies, various gifts/subsidies and employee activities (such as tickets for arts and cultural activities, exhibitions, family days... etc.)
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3) The Company has completed the certification of OHSAS 45001 and therefore led the labor safety system even more complete. Based on the regulations of OHSAS 45001, we have established a management system on labor health and safety, which continuously evaluates and controls the risks in the working environment and follow up on improvement measures. Besides, in comply with the regulations, the Company provides the employees with regular health checkup and also holds regular training sessions to build a better working environment.
(4) Does the company provide its employees with career development and training sessions?	✓		(4) The company plans a diversified education and training system and follows the principles and regulations of the Talent Development Quality Management System (TTQS) to connect organizational development, strategy and employee's personal skills gap with training. Through various on-the-job training, job teaching, job transfer, lectures, online learning, etc. to plan and train the professional skills and functions required by employees in different career stages.
(5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		(5) The company has always adhered to the business philosophy of integrity, following relevant regulations and international standards (such as RoHS, UL marking, etc.) and properly managed customer health and safety, customer privacy, marketing and labeling for products and services.
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		(6) The Company has required all of its suppliers to follow their commitments on CSR, which includes voluntary labors, underaged labors, compensation or benefits, working time, anti-discrimination, health and safety, environmental protection, and moral behaviors. Company has chosen 9 suppliers to audit its implementation on CSR based on customer portfolio and transaction scale during 2019, Catcher will continue to work on the suppliers' audit.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	✓		(1) There's a CSR section on our website. http://www.catcher-group.com/tw/csr.aspx . The Company will disclose the information regarding the message, projects and activities on corporate social responsibility, the information on Catcher Education Foundation, and provides historical CSR reports for readers to download.	None
6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has established the “Procedures of social responsibility management” in 2014, which is inline with “the Corporate Social Responsibility Best-Practice Principles for TWSE/ TPEX Listed Companies” and international standards (ex: SA 8000, EICC). Therefore, the Company is able to meet the regulations and the requirement of the stakeholders in terms of labor rights, health and safety, environment, code of ethics, and management systems.				
7. Other important information to facilitate better understanding of the company's corporate social responsibility practices : The Company has established a CSR Team comprising of employees from various departments to be in charge of the publishing of CSR report. The Company has already issued 2014-2018's CSR report on the website for stakeholders and the CSR Team is working on publishing the 2019's CSR report. Looking forward, the Company expects every department to execute strategies based on the KPI which is conjunction with the social responsibility and to help realize the long-term vision of the Company.				

(7) The status of the Company's exercise of good faith in management and adoption of related measures:

Catcher already set up the related governance principle and have an internal audit department, and also formulated internal rules to ensure the exercise of

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good faith in management and the observance of laws and regulations.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(2) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has set up “Management Procedure for Corporate Social Responsibility”, according to RBA & SA 8000, as the guideline for all the other ethical corporate management policies. The Board of Directors and the management place the greatest importance in adopting the highest standards of integrity and ethics in corporate management and employee work conduct. Related Ethical Corporate Management policies will be included in the Company’s CSR report and website.</p> <p>(2) The Company adopts management procedures and to establish preventive measures against the following:</p> <p>(a) offering and accepting bribes;</p> <p>(b) illegal political donations;</p> <p>(c) improper charitable donations or sponsorship;</p> <p>(d) offering or accepting unreasonable gifts or hospitality, or other inappropriate benefits.</p> <p>The aforementioned principles and related regulations were announced and disseminated to employees, managers and Board of Directors to enhance integrity and self-discipline. At the same time, the Company has internal audit teams and has made a hotline available for suppliers/ employees to prevent any improper business behaviors.</p> <p>(3) The company has established management procedures to punish for any violation, and also set up “hotline” to strengthen the implementation. The internal Committee holds the review meeting semi-annually and reports to top management accordingly. The company also establishes effective accounting and internal control systems for the implementation of policies, and to prevent any violation. Suppliers also need to sign this Ethical Agreement to commit not to engage with any bribery, corruption, deception, and all other forms of improper conduct.</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company conducts due diligence before trading with upstream and downstream companies to minimize the risks. The Company requires all our suppliers, vendors and partners to declare in writing that they will not engage in any fraud or provide unethical conduct when dealing with the Company or our officers and employees. Internal and external online hotlines have been established for any relevant persons to use in reporting any ethical irregularities for personal investigation by a designated internal audit. Catcher has the right to suspend or discharge the agreement, or even punish suppliers, if suppliers violate the abovementioned rules.</p> <p>(2) The Company established the Internal Audit team, under the Board’s supervision, to implement the corporate ethics and audit matters, and to submit periodical reports to the top management and then to the Board of Directors.</p> <p>(3) To avoid interest of conflicts, the Company requires all employees not to engage with any unethical activities by setting rules and procedures. At the same time, the Company has made a hotline available for any stakeholders to make sure the ethical corporate management policies are fully implemented.</p> <p>(4) The Company has established accounting and internal control systems to ensure integrity in our operations. The internal auditors have analyzed and reviewed the annual audit program, on behalf of board and management, according to the risk evaluation results, to further strengthen the implementation of ethical corporate management policies.</p> <p>(5) The Company carries out irregular training for employees. For new employees, training on social responsibilities, ethical rules, business morals, and all other related subjects are carried out prior to work. All employees will receive necessary internal training when needed. Employee will also receive external training if necessary.</p>	None
<p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p>	<p>✓</p>		<p>(1) The Company establishes various reporting channels so that employees and relevant people can report improper business behaviors through the system. After a confidential investigation with 7 days, anyone who violates the regulations on operational integrity will be</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	<p>✓</p> <p>✓</p>		<p>punished according to the Company’s regulations on reward and punishment.</p> <p>(2) The Company has in place SOPs, relating to the reporting, investigation, filing etc., which could be applied on any confidential investigations on such cases. Those parties in those cases will be fully confidential.</p> <p>(3) The Company takes whistleblower protection seriously since the core purpose is protection from unlawful reprisal for diligent employees who step forward to identify potential wrongdoing. The Company has a dedicated different ways or hotline for whistleblower protection. Any whistleblower who received unfair or unlawful treatment will be well protected and also compensated for the loss.</p>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	<p>✓</p>		<p>The Company’s related ethical corporate management principles and the results of our implementation will be posted on the Company’s annual report and eventually on the MOPS. We will also disclose those related information on website, including ethical corporate management, obeying business morale, the commitment of fair competition and CSR report.</p>	None
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>There have been no differences.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>(a) To implement the basics of ethical corporate management policies, the Company operates under the Company Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE/TPEX-Listed Companies, and other laws and decrees concerning business transactions.</p> <p>(b) The Company has set up the “Rules of Board Meeting” to prevent any interest of conflicts from board members. The board member is only allow to present opinion but not allowed to discuss or vote in those agenda which that board member has interest of conflicts</p> <p>(c) The Company has set up "Management Procedures for Internal Material Information", which specifies that directors, supervisors, managers, and employees are not allowed to reveal inside information to others or to inquire non-public information that is irrelevant to his/her business scope.</p>				

(8) How the Information of Company’s Corporate Governance Policy can be Obtained in Public.

None.

(9) Other Information Provides a Better Understanding of the Company’s Corporate Governance Status.

The Company holds board meeting at least once per quarter, and set up the Compensation Committee, which works effectively. The Company also elected Independent Directors since 2013's AGM and established Audit Committee. If necessary, the Company will set up any committee to improve corporate governance.

(10) Status of Internal Control:

A. Statement of Internal Control:

Catcher Technology Co., Ltd. Statement of Internal Control

2020/03/10

The internal control self-assessment of Catcher Technology Co., Ltd. was conducted for the year ended December 31, 2019 based on the Company's internal control system. The results are described as following:

1. Catcher Technology Co., Ltd. acknowledges that the board of directors and the management are responsible for establishing, executing and maintaining an effective internal control system, which has been already set up. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with the applicable laws and regulations.
2. No matter how perfectly designed, the internal control system has its inherent limitations, and it can only provide reasonable assurance of achieving the three goals mentioned above. The effectiveness of the internal control system may subject to changes of environment and circumstances. Catcher has established an internal control system with self-monitoring capabilities, which can undertake corrective actions whenever a deficiency is identified.
3. Catcher evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the governing the establishment of internal control system by public companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) Control Environment, (2) Risk assessment (3) Control activities, (4) Information and Communication, and (5) Monitoring. Each component consists of certain items, which could be referred to the Standards.
4. Catcher Technology Co., Ltd. has evaluated the design and effectiveness of its internal control system according to the aforementioned criteria.
5. Catcher Technology Co., Ltd. believes that the effectiveness of the design and execution of the internal control system (including its subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of the efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable laws and regulations.
6. The Statement of Internal Control will be an integral part of Catcher Technology Co., Ltd. annual report and prospectus and will be made public. Any false statement, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The statement has been passed by the Board of Directors in the meeting held on March 10th, 2020, with none of the seven attending directors expressing dissenting opinions on the content of the Statement.

Catcher Technology Co., Ltd.
Chairman and CEO : Shui-Shu Hung



B. CPA Audit Report for Internal Control System of the Company

The Company was not required to engage with a CPA to attest to the internal control system under R.O.C regulations; therefore, there is no CPA audit report on internal control to be disclosed

(11) Description of Violations/Infringement of Regulations and the Company's Response

For the most recent fiscal year and during the current fiscal year up to the date of printing of this annual report, there were no sanctions imposed upon the Company or its internal personnel.

(12) Important Resolutions of Shareholders' and Board Meetings

A. Shareholders' Meeting

Date	Title	Agenda	Resolution/Execution
2019.06.12	2019 Annual shareholders' meeting	<ul style="list-style-type: none"> To accept 2018 Business Report and Financial Statements (Proposed by the Board of Directors) To approve the proposal for distribution of 2018 profits (Proposed by the Board of Directors) To amend the Article of Incorporation To amend the rules and procedures of Shareholders' Meeting To amend the procedures for acquisition or disposal of assets To amend the procedures for endorsements and guarantees To amend the guidelines for lending of capital To raise funds through issuing new shares or GDR To elect new Directors To cancel the prohibition on competitive activities of new directors and representatives To amend "Articles of Incorporation" (Proposed by the Board of Directors) 	All discussion items were unanimously agreed upon the resolutions by all attending shareholders. All items were executed except for the issuance of new common shares for cash and/or issuance of Global Depository Receipt (GDR)

B. Board Meetings

Date	Agenda	Resolution
2019.03.06	<ul style="list-style-type: none"> To approve the Company's 2018 Financial Statements To approve 2018 Business Report To report 2018 earnings distribution To approve the issuance of new common shares for cash and/or issuance of Global Depository Receipt (GDR) To submit for approval of directors (including independent director) candidates nominated by the Board To remove non-compete limitations to newly elected directors and its representatives. To amend partial clauses of "Articles of Incorporation" To amend partial clauses of "Rules of Shareholders' Meeting" To amend partial clauses of "Procedures of Acquisition or Disposal of Assets" To amend partial clauses of "Rules of Board Meeting" To amend partial clauses of "Measures for Subsidiaries Management" To report the distribution of compensation for employees and directors in 2018 To discuss the donation to Catcher Education Foundation To regularly review the accountant's independency To host 2019 shareholder's meeting and receive nomination of directors (including independent director) candidates and shareholder's proposals 	All attending directors unanimously agreed, no other special proposals were proposed. Except for the donations excluding the Director who may have interest of conflict, the other attending directors unanimously agreed. All items were executed.
2019.04.29	<ul style="list-style-type: none"> To amend the procedures for endorsements and guarantees To amend the guidelines for lending of capital To host 2019 shareholder's meeting and receive shareholder's proposals 	All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.
2019.06.12	<ul style="list-style-type: none"> Election of the company's chairman To appointed members of the company's salary and compensation committee 	All attending directors unanimously agreed, no other special proposals were proposed. All items were executed.

2019.08.09	<ul style="list-style-type: none"> ● To decide cash dividend distribution date ● To distribute 2018 manager"s compensation ● To distribute 2018 board member"s compensation ● To donate to Catcher Education Foundation 	<p>All attending directors unanimously agreed, no other special proposals were proposed.</p> <p>Except for the donations and the distribution of compensation excluding the Director who may have interest of conflict, the other attending directors unanimously agreed.</p>
2019.11.09	<ul style="list-style-type: none"> ● To report the distribution of compensation for employees and directors in 1H19 ● To approve 2020 Business Plan ● To approve 2020 "Annual Audit Plan" of parent company and subsidiary ● To Approve the company's "board performance evaluation method" 	<p>All attending directors unanimously agreed, no other special proposals were proposed.</p>
2019.12.21	<ul style="list-style-type: none"> ● To amend the Company's 2020 Business Plan 	<p>All attending directors unanimously agreed, no other special proposals were proposed.</p>

(13) Directors' or Supervisors' Objections on the Important Resolution of Board Meetings

None.

(14) Information of Resignation or Dismissal of Persons Related to Financial Reports

None.

4. Information on Audit Fees

- (1) If the amount of non-auditing relevant fees charged by the appointed independent auditors and the related parties reaches to 25% of the Company's annual auditing expenses shall be disclosed**

Name of the accounting Firm	Name of the accountant	Audit period	Note
Deloitte & Touche	Chi Chen Lee, Chun Chi Kung	2019.01.01~2019.12.31	Internal Arrangement by Deloitte & Touche

Units: thousand NTD

Item Fee ranges		Audit Fees	Non Audit Fees	Total Fees
1	Less Than 2,000		v	
2	2,000~4,000			
3	4,000~6,000	v		
4	6,000~8,000			v
5	8,000~10,000			
6	10,000 or More			

Accounting Firm Name	Auditor Name	Audit Fees	Non Audit Fees					Audit Period
			System Design	Business Registration	Human Resources	Others (Note)	Subtotal	
Deloitte & Touche	Chi Chen Lee	5,600	-	-	-	1,258	1,258	2019.01.01~2019.12.31
	Chun Chi Kung							

Note: Mainly transfer pricing service fee

- (2) If there is any change in the appointed independent auditors and the Company's annual auditing expenses decreased simultaneously, information regarding the amount, percentage and reasons for the decrease in auditing expenses shall be disclosed**

Not Applicable.

- (3) Auditing expenses decreased by 15% in comparison to the previous year, information regarding the amount percentage and reasons for the decrease in auditing expenses shall be disclosed:**

Not Applicable.

5. Replacement of CPA

Not Applicable.

6. Information of the Company's Chairperson, Presidents, or Accounting Officers Have Worked in the Accounting Firm of the Appointed Independent Auditors or the Related

Parties within the past year.

None.

7. Audit Independence

- The financial department of the company regularly assesses the independence of visa accountants and self-assessed that the appointed visa accountant (1) does not serve as a director of the company (2) does not hold any positions in the company (3) is not our stakeholders, and thus should meet the independence regulations.
- Conduct inspections through the company's stock affairs agency and confirmed that the visa accountant did not hold any shares of the company.
- Obtain the "Accountant Transcendental Independence Statement" issued by a certified public accountant accountant.
- The "Audit Independence Evaluation process" is submitted to the Audit Committee for deliberation.
- To submit a resolution of "Audit Independence Evaluation process" to the board of directors.

8. Change in shareholding of Directors, Managers, and Major Shareholders

(1) Change in Equity Interest

Record Date: 2020.02.29

Title	Name	2019		As Of 2020/03/31	
		Change in Equity Interest	Pledge in Equity Interest	Change in Equity Interest	Pledge in Equity Interest
Chairman	Shui-Shu Hung	0	0	0	0
General Manager	Tien-Szu Hung	0	0	0	0
Director	Shui-Sung Hung	0	0	0	0
Director	Mon-Huan Lei	0	0	0	0
Independent Director	Wen-Che Tseng	0	0	0	0
Independent Director	Tsong Juu Liang	0	0	0	0
Independent Director	Ming-Yang Cheng	0	0	0	0
Vice President	Kenny Chien	0	0	0	0
Vice President	James Wu	0	0	0	0
Assistant Vice President	Brian Lee	0	0	0	0
Assistant Vice President	Irene Lin	0	0	0	0
Assistant Vice President	Frank Lee	0	0	0	0
Assistant Vice President	Mei-Hsing Chen	-14,000	0	0	0
Manager	Yi-Fang Feng	0	0	0	0

(2) Information on Transfer of Equity Interest

None.

(3) Information on Pledge of Equity Interest

None.

9.Information Disclosing the Relationship Between any of the Company's Top Ten Shareholders.

Record Date: 2019/09/22

Name	Personal Shareholding		Shareholdings of spouse/minor children		Total shareholdings held under other names		Related parties defined under the statement of financial accounting standards No. 6 of top 10 largest shareholders"		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Citi as directed trustee Government of Singapore Investment Corporation	35,073,818	4.55%	-	-	-	-	-	-	-
Deutsche Bank in Custody for Quebec depository investment funds	27,517,129	3.57%	-	-	-	-	-	-	-
Nanshan Life Insurance Co., Ltd.	26,991,000	3.50%	-	-	-	-	-	-	-
Cathay Life Insurance Co., Ltd.	20,848,300	2.71%	-	-	-	-	-	-	-
Kai-Yi Investment Co., Ltd.	18,609,869	2.42%	-	-	-	-	-	-	-
Delegate: Shui-Shu Hung	10,704,834	1.39%	18,409,961	2.39%			Chen-Mei Lin/Sui-Mei Kuo	Spouse/Second-degree relatives	
Chen-Mei Lin	18,409,961	2.39%	10,704,834	1.39%			Sui-Mei Kuo	Second-degree relatives	
Sui-Mei Kuo	15,364,013	1.99%	10,661,889	1.38%			Chen-Mei Lin	Second-degree relatives	
Standard Chartered Dunbei Branch in custody for WGI Emerging Market Fund	14,393,000	1.87%							
HSBC in custody for The Overlook Partners Fund L.P.	13,059,000	1.70%							
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	11,926,422	1.55%							

Note: The data shown above was gathered until the latest ex-registered date.

10. Total Percentage of Ownership of Investees

All the Company's investments are directly invested. There is no such issue that the Company's directors, managers, and other direct or indirect controlled entities by the Company comprehensively held the investment companies' shares.

Four 、 Capital and Shares

1. Capital and Shares

(1) Source of Capital

A. Type of Shares

Unit: in thousand shares
2020/02/29

Type of shares	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Registered Common Shares	770,391	229,609	1,000,000	Listed stocks

B. Historical Information of Capitalization

Unit: in thousand NTD/shares

Date	Issue Price (NTD)	Authorized Shares		Paid-in Capital		Notes		
		Shares	Total Amount	Shares	Total Amounts	Source of Capital	Assets Other than Cash Used for Capital	Other
1984.11	1,000	2	2,000	2	2,000	Initial capital NT\$2,000K	None	None
1986.06	1,000	5	5,000	5	5,000	Capitalization from Cash offering NT\$3,000K	None	None
1990.06	1,000	15	15,000	15	15,000	Cash offering NT\$10,000K	None	None
1992.10	1,000	25	25,000	25	25,000	Cash offering NT\$10,000K	None	None
1994.06	1,000	40	40,000	40	40,000	Cash offering NT\$15,000K	None	None
1996.06	—	80	80,000	80	80,000	Increase capital from retained earnings NT\$20,000K, Capital surplus NT\$20,000K	None	Note1
1997.04	36	30,000	300,000	16,000	160,000	Capitalization in Cash by NT\$80,000K	None	Note2
1997.06	—	30,000	300,000	19,200	192,000	Increase capital from retained earnings NT\$32,000K	None	Note 3
1998.12	—	32,703	327,030	32,703	327,030	Increase capital from retained earnings NT\$135,030K(Included employee bonus shares NT\$630K)	None	Note 4
1999.05	50	70,000	700,000	48,054.2	480,542	Cash offering NT\$20,000K, Increase capital from retained earnings NT\$133,512K(Included employee bonus shares NT\$2,700K)	None	Note 5
2000.02	165	70,000	700,000	56,054.2	560,542	Capitalization in Cash by NT\$80,000K	None	Note 6
2000.06	—	110,000	1,100,000	84,441.3	844,413	Increase capital from retained earnings NT\$283,871K(Including employee bonus NT\$3,600K)	None	Note 7
2001.09	—	118,000	1,180,000	102,049.6	1,020,496	Increase capital from retained earnings NT\$176,083K(Including employee bonus NT\$7,200K)	None	Note 8
2002.10	—	210,000	2,100,000	133,738.3	1,337,383	Increase capital on retained earnings and capital reserve NT\$316,887K(Including employee bonus NT\$ 10,738K)	None	Note 9
2003.09	—	210,000	2,100,000	155,099.0	1,550,990	Increase capital on retained earnings and capital reserve NT\$213,607K (Including employee bonus NT\$ 13,000K)	None	Note 10

2004.09	—	270,000	2,700,000	187,658.8	1,876,588	Increase capital from retained earnings NT\$325,598K(Including employee bonus NT\$15,400K)	None	Note 11
2005.03	—	270,000	2,700,000	188,146.9	1,881,469	Capital from ECB conversion NT\$4,881K	None	Note 12
2005.07	—	270,000	2,700,000	199,763.6	1,997,636	Capitalization in ECB conversion NT\$116,167K	None	Note 13
2005.09	—	570,000	5,700,000	282,161.6	2,821,616	Increase capital from retained earnings NT\$782,328 K (Including employee bonus NT\$ 29,740 K) Capitalization in ECB conversion NT\$41,652K	None	Note 14
2006.02	—	570,000	5,700,000	283,723.7	2,837,237	Capitalization in ECB conversion NT\$ 15,621K	None	Note 15
2006.04	—	570,000	5,700,000	293,644.4	2,936,444	Capitalization in ECB conversion NT\$ 99,208K	None	Note 16
2006.07	—	570,000	5,700,000	294,603.6	2,946,036	Capitalization in ECB conversion NT\$ 9,591K	None	Note 17
2006.09	—	570,000	5,700,000	414,076.5	4,140,765	Increase capital from retained earnings NT\$1,194,729 K (Including employee bonus NT\$ 25,000 K)	None	Note 18
2006.11	—	570,000	5,700,000	414,136.4	4,141,364	Capitalization in ECB conversion NT\$ 599K	None	Note 19
2007.03	—	570,000	5,700,000	414,147.5	4,141,475	Capitalization in ECB conversion NT\$ 110K	None	Note 20
2007.10	—	1,000,000	10,000,000	541,591.6	5,415,917	Increase capital from retained earnings NT\$1,274,442 K (Including employee bonus NT\$ 32,000 K)	None	Note 21
2008.11	—	1,000,000	10,000,000	599,715.9	5,997,159	Increase capital from retained earnings NT\$581,242 K (Including employee bonus NT\$ 39,650 K)	None	Note 22
2009.9	—	1,000,000	10,000,000	664,908.5	6,649,085	Increase capital from retained earnings NT\$651,926K (Including employee bonus NT\$ 52,210K)	None	Note 23
2011.5	—	1,000,000	10,000,000	675,175.1	6,751,751	Capitalization from Domestic 1 st CB conversion NT\$ 102,666K	None	Note 24
2011.6	—	1,000,000	10,000,000	723,795.8	7,237,958	Capitalization from Domestic 1 st CB conversion NT\$ 151,206K & GDR NT\$ 335,000K	None	Note 25
2011.10	—	1,000,000	10,000,000	750,443.7	7,504,337	Capitalization from Domestic CB conversion NT\$ 225,152K and capitalization from Domestic CB conversion NT\$ 41,227K	None	Note 26
2012.2	—	1,000,000	10,000,000	750,639.4	7,506,394	Capitalization from Domestic CB conversion NT\$ 2,057K	None	Note 27
2012.4	—	1,000,000	10,000,000	750,691.4	7,506,914	Capitalization in Domestic CB conversion NT\$ 519K	None	Note 28
2012.5	—	1,000,000	10,000,000	750,699.2	7,506,992	Capitalization in Domestic CB conversion NT\$ 78K	None	Note 29
2012.8	—	1,000,000	10,000,000	750,703.1	7,507,031	Capitalization in Domestic CB conversion NT\$ 39K	None	Note 30
2014.4	—	1,000,000	10,000,000	751,662.8	7,516,628	Capitalization in Domestic CB conversion NT\$9,597K	None	Note 31

2014.8	—	1,000,000	10,000,000	760,494.0	7,604,940	Capitalization in Domestic CB conversion NT\$88,312K	None	Note 32
2014.11	—	1,000,000	10,000,000	767,423.7	7,674,237	Capitalization in Domestic CB conversion NT\$69,297K	None	Note 33
2015.3	—	1,000,000	10,000,000	770,391.0	7,703,911	Capitalization in Domestic CB conversion NT\$29,674K	None	Note 34

Note 1 : Approved no. (85)Jian San Ji Zi 215114, 8/16/1996
 Note 2 : Approved no. Jing (86) Shang Zi 107326, 5/27/1997
 Note 3 : Approved no. Jing (86) Shang Zi 116009, 8/28/1997
 Note 4 : Approved no. (87) Tai Cai Zheng Zi (1) 98840, 11/26/1998
 Note 5 : Approved no. (88) Tai Cai Zheng Zi (1) 30979, 4/6/1999
 Note 6 : Approved no. (88) Tai Cai Zheng Zi (1) 101893, 12/9/1999
 Note 7 : Approved no. (89) Tai Cai Zheng Zi(1) 42070, 5/16/2000
 Note 8 : Approved no. (90) Tai Cai Zheng Zi(1) 144155, 7/11/2001
 Note 9 : Approved no. Tai Cai Zheng Zi(1) 0910134316, 6/25/2002
 Note10: Approved no. Tai Cai Zheng Zi (1) 0920126413,6/16/2003
 Note11: Approved no. Tai Cai Zheng Zi (1) 0930126017,6/11/2004
 Note12: Approved no. Jing So Shang Zi 09401045320, 3/21/2005
 Note13: Approved no. Jing So Shang Zi 09401139810, 7/21/2005
 Note14: Approved no. Jing So Shang Zi 09401177590, 9/08/2005
 Note15: Approved no. Jing So Shang Zi 09501027910, 2/16/2006
 Note16: Approved no. Jing So Shang Zi 09501075300, 4/25/2006
 Note17: Approved no. Jing So Shang Zi 09501159860, 7/26/2006
 Note18: Approved no. Jing So Shang Zi 09501206950, 9/12/2006
 Note19: Approved no. Jing So Shang Zi 09501247950, 11/03/2006
 Note20: Approved no. Jing So Shang Zi 09601045320, 3/06/2007
 Note21: Approved no. Jing So Shang Zi 09601242380, 10/03/2007
 Note22: Approved no. Jing So Shang Zi 09701278820, 11/03/2008
 Note23: Approved no. Jing So Shang Zi 09801230170, 10/07/2009
 Note24: Approved no. Jing So Shang Zi 10001087800, 05/02/2011
 Note25: Approved no. Jing So Shang Zi 10001133750, 06/28/2011
 Note26: Approved no. Jing So Shang Zi 10001246030,10/26/2011
 Note27: Approved no. Jing So Shang Zi 10101015910, 02/02/2012
 Note28: Approved no. Jing So Shang Zi 10101056300, 04/02/2012
 Note29: Approved no. Jing So Shang Zi 10101093520, 05/25/2012
 Note30: Approved no. Jing So Shang Zi 101010169120, 08/16/2012
 Note31: Approved no. Jing So Shang Zi 10301090650, 05/21/2014
 Note32: Approved no. Jing So Shang Zi 10301184600, 09/04/2014
 Note33: Approved no. Jing So Shang Zi 10301248990, 12/03/2014
 Note34: Approved no. Jing So Shang Zi 10401061390, 04/21/2015

C. Information of Shelf Registration System: None

(2) Status of Shareholders

Par Value: NT\$10 per share: 2019/09/22

Structure Number	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions& Individuals	Individual investors	Treasury shares	Total
Numbers of Shareholders	1	33	225	1,063	35,604	0	36,926
Shareholding (Shares)	630	79,821,300	41,238,041	477,496,296	171,834,802	0	770,391,069
Holding Percentage (%)	0.00%	10.36%	5.35%	61.99%	22.30%	0.00%	100.00%

Note: The data shown above was gathered until the latest ex-registered date.

(3) Distribution of Common Shares

A. Common Stock

Par Value: NT\$10; 2019/09/22

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Holding Percentage%
1-999	6,959	1,468,345	0.19%
1,000-5,000	25,337	45,149,283	5.86%

5,001-10,000	2,212	17,194,440	2.23%
10,001-15,000	651	8,264,642	1.07%
15,001-20,000	382	6,981,809	0.91%
20,001-30,000	340	8,606,689	1.12%
30,001-40,000	160	5,652,146	0.73%
40,001-50,000	112	5,111,807	0.66%
50,001-100,000	238	17,030,941	2.21%
100,001-200,000	175	24,480,824	3.18%
200,001-400,000	125	35,016,617	4.55%
400,001-600,000	53	25,512,742	3.31%
600,001-800,000	40	27,528,110	3.57%
800,001-1,000,000	16	14,215,230	1.85%
Above 1,000,001	126	528,177,444	68.56%
Total	36,926	770,391,069	100.00%

Note: The data shown above was gathered until the latest ex-registered date

B. Preferred Stock

None.

(4) List of Major Shareholders

Units: shares, %; 2019/09/22

Shareholder's Name	Shares	Common Shares	(%) of Shareholding
Citi as directed trustee Government of Singapore Investment Corporation		35,073,818	4.55%
Deutsche Bank in Custody for Quebec depository investment funds		27,517,129	3.57%
Nanshan Life Insurance Co., Ltd.		26,991,000	3.50%
Cathay Life Insurance Co., Ltd.		20,848,300	2.71%
Kai-Yi Investment Co., Ltd.		18,609,869	2.42%
Chen-Mei Lin		18,409,961	2.39%
Sui-Mei Kuo		15,364,013	1.99%
Standard Chartered Dunbei Branch in custody for WGI Emerging Market Fund		14,393,000	1.87%
HSBC in custody for The Overlook Partners Fund L.P.		13,059,000	1.70%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		11,926,422	1.55%

Note: The data shown above was gathered until the latest ex-registered date

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: in thousand NTD/shares

Item		Year		
		2018	2019	As of 2020/02/29
Market Price per Share	Highest	386.00	285.50	265.50
	Lowest	211.50	182.00	228.00
	Average	322.43	236.92	245.86
Net Worth per Share	Before Distribution	196.29	192.71	(Note 1)
	After Distribution	184.29	(Note 2)	(Note 1)
Earnings per Share	Weighted average shares	770,391	770,391	(Note 1)
	Earnings per shares	36.31	14.63	(Note 1)
	Cash dividends	12.0	(Note 2)	(Note 1)
	Dividend from retained earnings	0	(Note 2)	(Note 1)

Dividend per Share (Note2)	Stock dividends	Dividend from Capital Reserve	-	—	(Note 1)
	Accumulated un-appropriated dividend (Note2)		—	-	(Note 1)
Return on Investment	Price/Earning ratio (Note3)		9.06	16.04	(Note 1)
	Price/Dividends ratio (Note4)		27.41	(Note 2)	(Note 1)
	Cash dividends yield rate (Note5)		3.65	(Note 2)	(Note 1)

Note1: Up until the printing date, Q1/2020 financial report is not yet available.

Note2: Distributed earnings of 2019 are not yet been approved by shareholders' meeting as at printing date. The related information will be available on Market Observation Post System after the meeting.

Note3: Price/Earnings ratio = Average Market Closing Price per Share /Earning per Share

Note4: Price/Dividend ratio = Average Market Closing Price per Share/Cash Dividend per Share

Note5: Cash dividends YTM = Cash Dividends per Share/Average Market Closing Price per Share

(6) Dividend policy and Status:

A. Dividend Policy in the Company's Articles of Incorporation:

Dividend policy is set forth in the Articles of Incorporation. The company's profit distribution or loss allowance reserve is obtained after the end of each half of the fiscal year. If there is profits in the first half of the fiscal year, the distribution priority orders are listed as follows:

- a. Withholding taxes;
- b. Making up loss for preceding years;
- c. Reserving employee compensation and directors' remuneration;
- d. Setting aside 10% for legal reserve;
- e. Setting aside or reverse special reserve(s) according to the business need or laws and regulations;
- f. Any remaining earnings should be added to the accumulated retained earnings and current period's adjustments, and the board can determine to distribute or to retain according to the dividend policy.

The distribution of fiscal year profits priority orders are listed as follows:

- a. Withholding taxes;
- b. Making up loss for preceding years;
- c. Setting aside 10% for legal reserve;
- d. Setting aside or reverse special reserve(s) according to the business need or laws and regulations;
- e. Any remaining earnings should be added to the accumulated retained earnings and current period's adjustments, and the board can determine to distribute or to retain according to the dividend policy.

We are locating at the industry which has positive growth potential. We will appropriately watch each step we have and economics status we are facing. We will continue to expand our scale considering viability of economic situation. Our board also focuses on the stable and growing dividend in proposing the appropriation of annual earnings. However, regarding earning distribution of aforementioned item four, the cash dividends shall not be less than 10% of earnings distributed to shareholders. If the cash dividends is less than 0.5 per share, the Company could distribute stock bonus.

B. Proposed Distribution of Dividend:

Up until the printing date, 2020 Board Meeting hasn't approved the distribution of 2019 earnings.

(7) Impact of Stock Dividends on Operating Results, EPS, and ROE:

Not Applicable

(8) Employee Compensation and Directors' Remuneration:

A. The Percentages or Ranges with Respect to Employee and Director Compensation, as set forth in the Company's Articles of Incorporation:

The Company shall distribute no less than 1 percent of the current year's profit if any as compensation for employees and the Board could decide to distribute in stocks or cash. The employees to receive compensation may include certain qualified employees from affiliate companies. The Board could also decide no more than 1 percent of the abovementioned profit as compensation for Directors. The distribution of compensation for employees and Directors should be reported during Shareholders' Meeting. However, when there's accumulated losses, the Company shall reserve certain amount to compensate the accumulated losses and then distribute the profits to employees and Directors based on the abovementioned percentage.

B. Accounting Treatments when Differences Occurred between Estimated and Actual Distributed Amount of Employee and Director Compensation.

There is no difference between the estimated and actual amounts of employee and director compensation

C. Information on any Employee Compensation Distribution Proposals adopted at Board Meetings:

To adapt to the regulation, Catcher amended “Articles of Incorporation” in its 2019 Shareholder Meeting.

According to Catcher's "Articles of Incorporation", if the company recorded a positive earnings, it should distribute no less than 1% of the earnings as employee compensation, and no more than 1% of the earnings as board member compensation.

Below table shows 2019 employee cash compensation and board member compensation, which was approved by the board on March 10th, 2020.

If there is a difference between the estimated dollar amount and the actual dollar amount, we will address it with accounting estimation changes, and adjust on the year of distribution.

Compensation	Board Resolution (March 10 th , 2020)
	Dollar Amount (NT\$)
Employee Compensation (Cash)	950,847,050
Board Compensation (Cash)	16,443,836
Total	967,290,886

Note: There is no difference between the above board member/employee compensation expense and the dollar amount that the board proposed.

D. Earning Distribution Information of the 2018 Employee Bonus and Directors' & Supervisors' Remuneration

The information of distribution earning of 2018 approved by shareholders' meeting on June 12th, 2019 are listed as follows:

Unit: NTD; Shares			
Details	As approved by the Shareholders' Meeting	As recommended by the Board of Directors	Differences
Distribution Status			
1. Employee bonus			
(1) Stock bonus amount	-	-	-
Stock bonus shares			
Market price per share (ex-right and ex-dividend factors have been considered)	-	-	-
(2) Cash bonus	1,844,382,573	1,844,382,573	None
2. Remuneration paid to Directors and Supervisors	16,892,475	16,892,475	None

(9) Share Buy-back History

None.

2. Corporate Bonds

(1) Corporate Bonds:

None

(2) Convertible Bonds' Information

None

3) Exchangeable Bonds Information:

None

(4) Shelf Registration Information of Corporate Bond Issuance:

None

(5) Equity Warrant Bonds Information:

None

3. Preferred Stock:

None

4. Global Depository Receipts (GDRs)

Date of Issuance			Global Depository Receipts issued in 2011/06/08
Content			
Date of Issuance			2011/06/08
Listing Exchange			Assumed to be issued and traded either at Euro MTF of Burse de Luxembourg or at an international securities trading market which meets the requirements of the major underwriter and Catcher.
Issue Amount			Raising USD 220,028 thousand by issuing 6,700 thousand units of GDR(representing 33,500 thousand common shares)
Listing Price/Unit			USD 32.84 (NTD 189 per common stock share)
Listing Units			6,700,000 Units
Underlying Representing Shares			Issue new common shares.
Number of Total Units and Equivalent Local Shares per Unit			Total units: 6,700,000 units Each unit represents 5 shares of common stock with total issuance of 33,500,000 common shares
Rights and Obligations of GDR holder			The rights and obligations are the same as common stock holders".
Trustee			None
Depository Bank			JPMorgan Chase Bank
Custodian Bank			Taipei Branch / JPMorgan chase bank
Outstanding Balance (Units)			Up to 2020/02/29, 784,650 units outstanding
Issuing Expense and Maintenance Fees			All by the Company
Important Terms and Conditions of Depository Agreement and Custodian Agreement			Please refer to Depository Agreement and Custodian Agreement
Market Price/Unit	2019	Highest	46.2
		Lowest	30.4
		Average	38.04
Market Price/Unit	Up to 2020/2/29	Highest	42.8
		Lowest	38.4
		Average	40.34

5. Employee Stock Option Certificates

None

6. Mergers and Acquisitions or the Issue of New Shares to Acquire Another Company's Shares

None

7. The Execution Status of Capital Plan:

None

Five 、 Overview of the Business Scope

1. Description of The Business

(1) Major Business

A. Major Business:

- a. Manufacturing, processing, and sales of molds and alloy products.
- b. Surface treatment, processing, and sales of alloy products.
- c. Related materials" and products" trading, export, and import business.

B. Major Products and Weights :

Unit : in thousand NTD ; %

Product Item	Net sales in 2019	(%) of Sales
Product Sales	91,562,759	99.93%
Others	65,356	0.07%
Total	91,628,115	100.00%

C. Current Products and Services:

- a. Product Sales: Sales and manufacturing of casing, internal components, molds and thermal modules for electronic products.
- b. Others: Other sales income.

D. Future Products and Services:

- a. Mg alloy, Al alloy and SUS metal housing and multiple
- b. Development of Novel surface treatment
- c. High performance metal and non metal material applied on 3C products
- d. Bonding technology on different materials and its applications
- e. Manufacturing process, decoration and product applications on Ultra light and thin composites
- f. Product design and research on Metal/non-metal composites housing with low EMI
- g. Environment friendly painting technology on metal and non-metal cosmetic parts
- h. Non-metal or powder material which can be applied to mechanical parts manufacturing.
- i. Heat-dissipation mechanism solutions

(2) Industry Scope

A. Current Industry Products & Development:

Trends of portable electronic products are toward thinner, lighter, and slimmer. In addition to the quality and feelings in products" appearance, consumers are paying more attentions in environmental issues. As a result, metals with recyclable performance have become major material for casing and its internal components for portable electronic products. Reasons for the popularity of metals include:

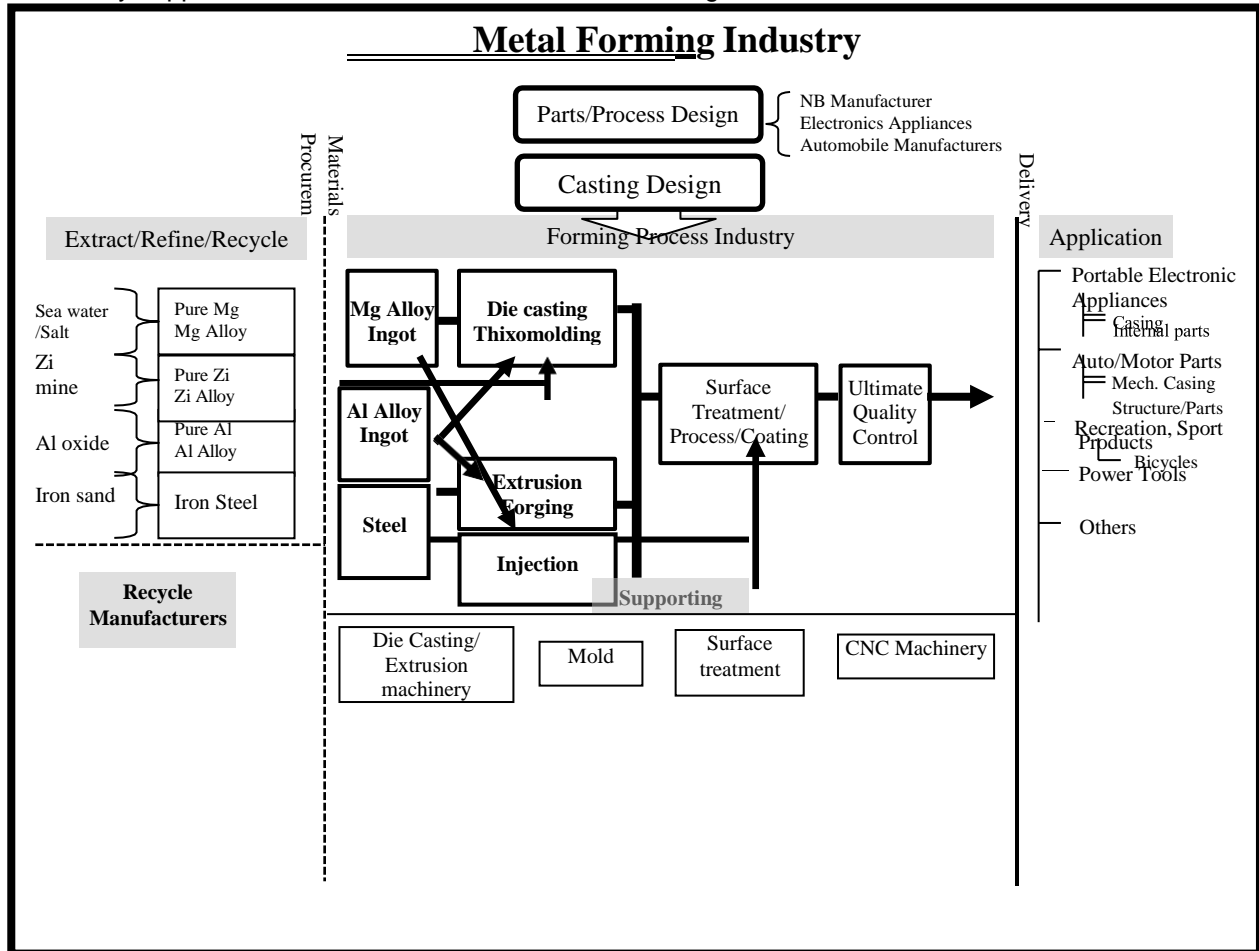
- a. More flexibility of alloy metal and more surface treatment technologies.
- b. Metals are stronger and provide higher impact resistance than engineering plastics and ceramic.
- c. Metals provide better heat dissipation and EMI protection, comparing to engineering plastics and ceramic.
- d. Popularity of environmental protection has resulted in regulations of recycling IT products in many countries. Therefore the trend of using high-end metal and compound materials remains the development trend of notebooks and mobile phone casing.

The trend of Ultramobile will continue to develop in mobile phones, tablets, and NBs. That will also drive the

demand for metal parts and the requirement for strength. Moreover, 5G communication, foldable phones and tablets are the mainstream of product development in recent years and the requirements for heat dissipation will continue to increase, which makes the demand for metal mechanisms will be more intense. The demand of hybrid unibody made by metal parts and high level composite materials is getting clear as well. We expect those demand will be our main growth drivers in the future.

B. The Relationship Between Up-, Mid-, and Down-stream Supply Chain Services:

Industry supplier, wholesaler and retailer is shown as diagram below :



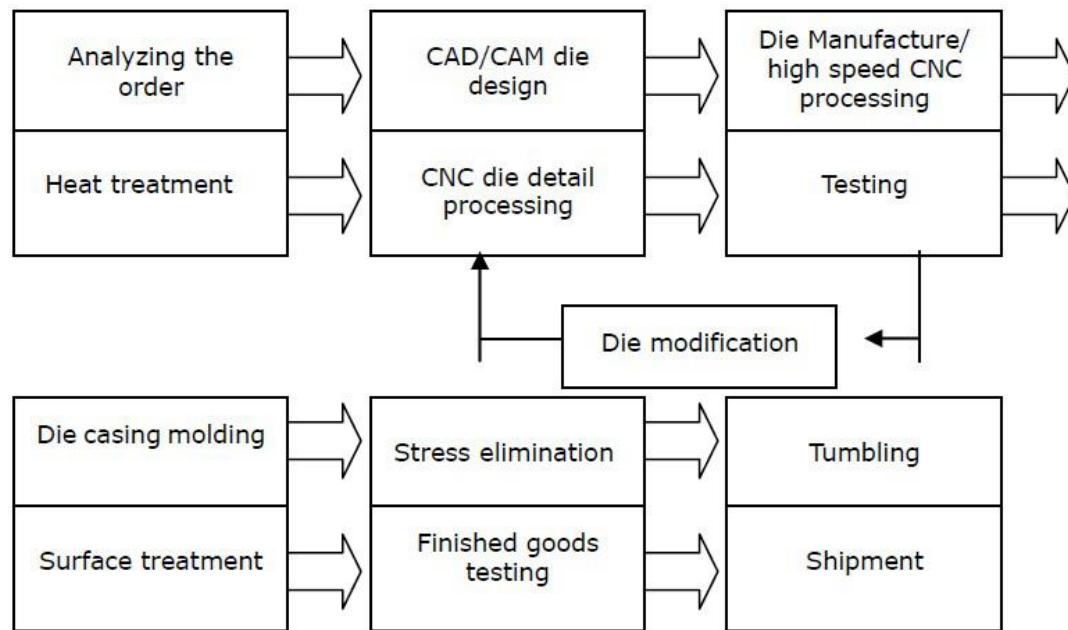
Resource from ITRI IEK-IT IS project; Quoted by Catcher

(a) Metal Alloy Upstream

Metal alloy upstream includes extraction of magnesium ore, aluminum ore, zinc ore and iron ore, and manufacturing of metal processing equipments, such as aluminum extrusion machine, forging machine, stamping machine and die-casting machine. Because Taiwan does not have mineral resources, metals are imported from nearby countries, such as China and Australia. In earlier times, the global magnesium alloy extraction and facilities are controlled by few companies, for example, Dow Chemical of United States, American Magnesium Inc. and Dead Sea, etc. But recently, China keeps on extraction and production of magnesium raw materials and has become the biggest magnesium supplier in the world. China is also Catcher's major magnesium materials supplier. On the other hand, aluminum ingots are supplied by China, Australia and Dubai. Domestic firms allocate and alloy these aluminum ingots into aluminum extrusion, and further reprocess into finisher. Stainless steel forge cloth is made by domestic companies, like Yusco.

(b) Metal Alloy Midstream

Metal alloy midstream is mainly responsible for metal mold manufacturing, shape machining, and surface treatment. The major suppliers include Catcher, Foxconn, Casetek, Waffer and Silitech. Die-casting industry wholesalers receive downstream consumer orders, and produce metal alloy merchandises. The manufacturing flow chart is illustrated as below:



(c) Metal Alloy downstream

Metals are suitable for all thin and light products, such as portable electronic devices, car parts, and sports products. Automobile and bicycle industry have used aluminum extrusion and forging product quite earlier, but the requirement are not as strict as 3C industry. Thus, 3C sector initiated the high quality and density extrusion products. As for stainless steel, it is very difficult to process but provides strong factor, attracting some smart phone brands. Taiwan has become the manufacturing center for the global ICT products, especially on desktop computers, NBs, and portable devices. Magnesium is the main material for NB and smart phone, and on the other hand, aluminum alloy and Zinc alloy play the key role for 3C industry. As of being an identity product, wearable devices also see prosperous demand in recent years. Metal casing still remain the preferred design and unibody casing can provide outstanding value to meet end customers" requirement.

C. Competition Status

Major Competitors:

Company	Main business scope	Major items	Note
Catcher Technology Co. Ltd.	Manufacture and sales of mold and metal casing products; Surface treatment.	Mg alloy and aluminum alloy casing and other 3C components	Public traded company
Casetek	Design, research, and production of consumer electronic parts	Aluminum alloy components	Public traded company
Waffer Technology Co., Ltd.	Sales and manufacture of plastic and metal products, Mg alloy products, mental surface treatment technology, and electronics components.	Mg casing and other 3C components	Public traded company
Foxconn Technology Co., Ltd.	Manufacture and sales of monitor and electronics components	Mg casing and other 3C components	Public traded company
Silitech Technology Co., Ltd	Manufacture and sales of rubber dial, rubber roller and cellular phone module and rubber dial on car	Mg casing and other 3C components	Public traded company

Ju Teng International	Mold development, plastic injection, metal stamping, die-casting/thixo-molding, CNC machining, composite casing, surface coating and assembly.	Mg alloy and aluminum alloy casing, carbon fiber, and other 3C components	Public traded company
BYD Electronics	Provider of handset components and modules manufacturing and assembly services.	Aluminum alloy components	Public traded company

(3) Research & Development Achievements and Plans:

A. Research and Development Expenditures:

Year	2019 (consolidated)
R&D expenditures	NT\$ 2,419,351 thousand

B. Successful Development in Technologies and Products:

During the past few years, Catcher has aggressively extended special processes and technologies to accommodate into existing techniques, creating a "Comprehensive Manufacturing Matrix". The matrix provides customers with a variety of design flexibility and achieves the goal of vertical integration. When integrating these processes into mass production, we also find new application possibilities of combining more different processes. These combinations expand the surface treatments techniques and create new exterior feels. The latest developed products and processes are as follows:

- Unibody composite housing of High strength glass fiber with 0.4mm thickness
- High-flame-retardant carbon-glass fiber composite housing
- High modulus/High strength 3K carbon thermal plastic unibody
- High-modulus flame retardant magnesium alloy
- Special shaping technique of titanium alloy
- Magnesium casing with metal finish
- Anti-fingerprint-and-bacteria special anodized material
- Novel PVD SUS unibody product made by SUS with multi color
- Special dazzle color on anodized aluminum alloy
- Carbon fiber unibody composite with special designed antenna solution
- Material bonding technology for metal and non-metal materials
- Material bonding technology for different metal materials
- Thermal fiber material
- Antibacterial fiber material

C. Long-term and Short-term Business Development Plan:

For short term planning, smart phones, NBs and tablets still mainly contribute to company's revenue. In addition to sizable market, the trend of electronic products toward multi-functional, thinner, lighter, and stylish design has made metal casing much popular, and drove the growth for metal casing sector. Therefore, Catcher is going to increase its allocation and value, enabling this company to pursue growth.

For the long term, Catcher will keep its leading advantage to maintain its market share. We will also develop any other materials, components or technologies to provide more materials, products and serve more customers. We focus on the development of new material, new processes, and new business. With our strong balance sheet, the Company manages to keep the commitment of technology innovation and customer-oriented service while with a vision of sustainable operation, and also looks for new products/customers for the future growth drivers. Catcher targets to outgrow the industry's average.

2. Market and Sales Conditions

(1)Market Analysis:

A. Major Sales Regions:

Unit : in thousand NTD ; %

Area \ Year	Year	2019		2018	
		Net Sales	%	Net Sales	%
Domestic		932,226	1.02%	2,363,181	2.48%
	Asia	33,966,735	37.07%	33,984,650	35.62%
	America	56,713,789	61.89%	58,860,982	61.68%

Export	Others	15,365	0.02%	207,328	0.22%
Export subtotal		90,695,889	98.98%	93,052,960	97.52%
Total		91,628,115	100.00%	95,416,141	100.00%

B. Market Share:

According to market survey, few Taiwan metal casing companies account for the majority market share and lead other companies with a distance in technique, skill and capacity. About magnesium die casting, aluminum and stainless steel unibody, there are high entry barriers because of technical difficulty, production capacity, as well as vertical integration and other factors. The new entrants as well as other vendors do not have the big scale of production, mass production experience and technology. Therefore, there should not be any significant impact in the short term. The few companies are estimated to account for approximately 80% shipment in metal casing industry. Catcher is one of few manufacturers with completed processing technique, customization capability, and innovative design ability. Catcher has received recognition and orders from global leading brand names. These achievements make the Company a leader of metal casing industry in the world.

Smartphone sector is still growing. To show the products' premium quality, mid to high end brands expand their adoption in metal casing. Even though the global NB is declining, the penetration of high end metal casing or hybrid casing has been increasing. This trend benefits Catcher's growth in this sector.

C. Future Market Supply, Demand, and Growth Potential

Catcher has been focusing on smartphones, notebooks, tablets, and wearable devices. In 2020, although suffering from impact of COVID-19, Catcher still expects more new products from Non-consumer electronics area, and we will continue to diversify company's customer mix.

For smartphone market in 2019, Credit Suisse indicates the shipment of smartphones was around 1.373 billion, down 2.1% y-y from 1.403 billion last year. They also estimates the smartphone will decrease to 1.284 billion units in 2020, but up 6.9% to 1.373 billion units in 2021. High value-added and product differentiation will be the fundamental for tier 1 brands to expand market share. Moreover, to reach the goal of transmission speed, metal casing has become more complicated and the enhance difficulty of manufacturing. The trend of metal casing design also leads to the "bigger gets bigger" in the industry. As a result, the strong demand of metal casing will keep growing, which also represents its irreplaceability.

Morgan Stanley states notebook shipments of 2019 were 170.1 million, compared to 163.6 million units in 2018, up 4.0% y-y. They estimates that the NB will decline to 154.8 million units in 2020 but grow back to 165.6 million in 2021. Overall notebook market will return stabilize and orders are concentrating to leading brands, which leads to higher penetration of high-end metal casing and hybrid design. Therefore, We expect to see continuous growth in NB business in 2020.

Morgan Stanley indicates the shipment of Tablet PC in 2019 was around 144 million units, compared with 146 million in 2018, down by 1.34%. They forecast that tablet will slightly decrease to 126/119 million units in 2020/2021 and the market gradually becomes stable. Even though big screen smartphones replace some demand of small tablets, tablets still create market segmentation due to launch of big tablet, trend of 2-in-1 and needs for education. After development in the past few years, the concentration of tablet market is getting higher. Consider to the strength of portable mobile device, metal casing is definitely one of the most significant specs.

Looking forward to 2020, COVID-19 affected our business strategy and left higher uncertainty for this year. Catcher will take a stable approach. In addition to existing products, we will more aggressively introduce with new products and new customers. We will leverage our superior industry position and diversification as the mid to long term growth drivers.

D. Competitive Advantages

The company focuses on the manufacture of metal casing (Al, Mg, Zn, Stainless Steel...), composite materials, and internal frame. It include the process of Die Casting, Extrusion, Forging, Stamping, MIM, thermoforming, CNC machining, Anodizing and many kinds of surface treatment technology. These technologies can be adopted in NB, mobile phone, Tablet, MP3 player and all the other 3C products. Catcher is one of the few metal casing and internal components manufacturers that

are able to meet customers' expectations in quality, yield, mass production capability, customization, and innovative design ability. The following strengths contribute to Catcher's achievements aforementioned :

- a. The Company possesses strong research and development programs and leverages its ability in technology development.
- b. The Company's solid management capability and discipline.
- c. The Company's self-developed and high-level automation capability higher than industry standard.
- d. The comprehensive manufacturing capabilities of multi-materials, multi-process, and multi-surface treatment.
- e. The Company provides one-stop-shopping solution, and ensures time-to-market and quality control issue due to highly in-house integration.
- f. The Company's vertically integrated technology in mechanical design, precision mold design and fabrication, molding, decoration, second processing, and sub-assembly also enable it to meet time-to-market and volume production requirements while having the competence to handle the rapid changes in product designs.
- g. The Company's technologies and quality have been proven and recognized by customers.
- h. The Company consistently develops new products and new applications to meet customers' demand.

With the idea of steady growth and innovation commitment, Catcher builds competitive advantages in R&D, manufacturing, and sales. The Company also has a solid financial structure and fine-tuning of the manufacturing process accompanying with professional employees' recruiting programs. These factors make the Company a reliable and close partner to customers.

E. Positive and Negative Factors Relating to Future Development

a. Favorable Factors

➤ Wider metal casing application and optimistic industry outlook

Superior physical characteristics of metals result in the popular applications of metals. Metal casings provide better structure strength, save space, and make better outlook, which enable other portable devices, like NB, smartphone, tablet, camera, and electronic products, to adopt more and more metal. Therefore, the applications for metals are in growth and the industrial outlook is optimistic. There are three main growth drivers for the metal casing sector: 1. Increasing unit shipment from smart devices, 2. Increasing adoption rate of metal casing, and 3. Form factor change, including larger size, more complicated and difficult design. For Catcher, we expect three growth drivers for the near to mid-term; 1. Organic growth from existing products, 2. New products, and 3. New customers.

➤ Stable Customer Base

Due to the boosting of Internet and multimedia, the market of mobile devices and electronic products is booming up. In addition, the effort in the information industry from private sectors and government being more than a decade, a completed and well-operating supply chain was established. As a result, the market shares of many kinds of electronic products in Taiwan achieve No.1 around the world. Catcher is one of few suppliers qualified in quality, yield rate, and capacity. The company already cooperated with brand companies and ODMs for many years. Because of the rapid growth of the smartphone in recent years, the Company also has cooperation with smartphone, mobile devices brand companies. The diversified and stable customers' base is the important factors for the sustainable development.

➤ High Entry Barrier in the metal casing industry

As per the technology progress of notebooks, smartphones, tablet PCs and the other consumer products, the demands for those products are also growing quickly. However, due to the highly customized structure and design, the key technologies, the ability to make the mold and tooling, and the variety of surface treatment technology require abundant mass production experience to improve the yield rate of products and processes. In recent years, more and more notebook and smartphones adopt Unibody design of aluminum metal casing, the extensive uses of extrusion and CNC machining is able to make more creative design of casing

outlook. Meanwhile, there also build up high entry barriers of capital and technology in the metal casing manufacturing industry. In addition to a lot of machines and equipments, there are still complicated secondary operating and surface treatment process, which cannot be replaced by automatic robots or machines. It is not an easy thing to maintain long-term profitable operations if the company did not optimize the use of limited manpower and resources, and control the cost.

The life cycle of electronic products is getting shorter; the Company needs to have R & D ability and makes mass production within a short period in order to grasp the market momentum. The new manufacturers have to spend huge initial investment for equipments and face the insufficient technical experience. Thus, it is not easy for them to improve the yield rate of products and processes in short term, and it will take for quite long time to achieve breakeven. There might be the potential threat in medium-and long-term, but it is not simple thing to catch up with the Company in short-term. The Company already entered in this industry for quite a long time, and had solid R&D team and experience for delivery and quality. All above competitive advantages can make the company become outstanding in the severe competition.

The metal casing industry has four entry barriers: 1.High uncertainty of business operation, 2.More complicated and difficult design trend, 3.Huge capacity and high automation needed, and 4.Compliance with higher standard from global tier one customers.

➤ **Strong Research and Development Capability with Outstanding Results**

Considering electronic products" characteristics as complicated in design and ever changing in research development, high quality requirement becomes the competitive advantage for the components manufacturers. The Company has excellent management team in this related field and strong R&D team for backing-up. Back to mid 90"s, the Company realized the importance of Mg alloy materials, and embarked the research since ever. With this accomplishment, the Company becomes the first mass production manufacturer in Taiwan for Mg alloy casing used for NBs. In recent years, the Company also actively makes efforts in research and development for new technologies, new processes, and new materials. Besides, we standardize our products into module, and it is recognized by the world"s most prestigious companies, which represents that the technology skill experience of the Company achieves the worldwide standard. The Company will continue to invest in research based on past achievement and enhance employee quality to maintain the competitive advantages in innovation and new product development faster than other competitors.

➤ **Leading Position, Economies of Scale, and Time-to-market Capabilities**

We position ourselves as a one-stop-shopping service for metal technology and components manufacturing. We have developed vertically integrated manufacturing capabilities from design to manufacturing and logistics covering mode/ cutting tool design, multi-forming, CNC machining, variety of surface treatment, powder coating/painting and assembly, which enables the fast time-to-market capability, and quality assurance to meet global brand name clients" need. In addition to the development of special process and technology, the company's existing comprehensive manufacturing matrix enables the company to become one of the few metal casing manufactures with good quality, yield rate, production capacity and customized and innovative design, and all of these can achieve customer"s requirements.

In addition, the Company expands its productivity in engineering plastic products providing our customer in an integrity way. We are developing the service of integrating metal and plastic. Since the surface treatment in combining metal and plastic is complicated, we have been making more effort in developing new techniques in different surface treatment technology. We will make the investment for capacity according to the market situation and we believe that the potential growth is predictable in the upcoming year.

b. Negative Factors

➤ **Uncertainty of Global Economy , Industry Competition, and compressed Gross Margin**

After the financial crisis, the economy does not totally recover in recent years. Moreover,

Geopolitical turmoil, European system changes, COVID-19 virus impact made the global economy in the uncertainty again and the demand for the electronic products was unstable. The electronics products technology is advancing, given shorter products life cycle, resulting in margin contraction. In the view of potential metal casing growth, there are a handful of new entrants stepped into this industry. Those companies, who originally focus on stamping, plastic molding, stainless steel manufacture, molding and assembly, would like to make premium metal casing as well. Due to the severe competition, the Company may have some potential operating pressure in the following years. Demand for hardware is not as strong as it has been in the past few years, and customers have put greater pressure on component prices in order to maintain profitability.

Although, the general profit margin in the metal casing industry is relative higher than others, basically, the different products' profits may vary for new competitors, the attractive factors are that if they will be able to drive their growth in sales with a better profit margin, if they can get meaningful orders from customers, and if they have enough capacity for mass production.

■ **Action Plans**

- i. Expand the production capacity to lower production cost with economies of scale and enhance innovation of more value-added, diversified and premium products to sustain the Company's profitability.
- ii. We are proud of providing existing clients with outstanding process technology by extending from handling products designing, mass production, back-up service, products distribution, to post-selling services. In addition, with superior production standard, we will aim at increasing yield rate to remain the Company's core competency.
- iii. We will also emphasize on providing customers with one-stop shopping service, covering from mold design, rapid prototyping, mold flow analysis, mold development and forming, CNC processing, fine polishing, surface anticorrosion treatment, superior coating to assembly, to fulfill clients' need.
- iv. Penetrate into new applications and markets, make full use of the company's existing core competency to balance the company's product structure, and find the next growth driver.
- v. Make use of existing customers, technology, production capacity, etc. to create maximum value.

➤ **Price Pressure and active Vertical Integration from Competitors**

Due to the increase of commercial notebook demand, the metal casing penetration rate is rising up. However, because of the high pressure of cost, most companies would like to adopt the cost saving solution, such as "stamping + Mg die casting internal frame" and "stamping + plastic internal frame". In this way, the product can meet the attractive outlook requirement, and reduce the price pressure as well. As smartphone and tablet being the main growth driver for the industry, every assembler is targeting at this sector and looks for opportunity to enter into casing business.

Considering ODM & OEM companies are aggressively conducting vertical integration and all the top 4 NB ODM companies have abilities to coordinate with casing vendors, in a long term, at least certain percentage of casings will be manufactured in-house in ODM. Thus, Catcher's market share does not have a clear improvement this year and benefits from transferred orders are still vague.

■ **Action Plans**

- i. Fully utilizing our "most comprehensive matrix" advantage to continuously develop diversified material and processes for high end casing solution, which creates premium value for customers and then enhances the entry barrier.
- ii. Given the current economics scale, we are putting efforts on product and process designs, automation, and efficiency improvement, to lower cost and improve quality.
- iii. To adopt the design of "Stamping + Mg Die Casting Frame" or "Stamping + Plastic Internal Frame", and focus more on value-added surface treatment.
- iv. The major competitive factors in casing industry are mold development and surface treatment technology. Recently, most of domestic NB manufacturing companies strategically coordinated with casing manufacture companies, but most of them make

plastic casing rather than metal one. Compared with plastic casing, the requirement for capital and technology know-how are important for metal casing manufacturing, and the yield rate cannot be improved easily in short-term. It may take quite a long time to achieve breakeven. Although there are some new competitors and they will become potential threat in the medium and long term, the Company still have the advantage of technology and quality.

➤ **Increase of Entry Level Smartphone.**

Currently, most of the smartphones are sold in US, Europe, and Japan. The penetration rate in west Europe is even more than 100% . The driver from those developed countries comes from the increasing demand for the upgrade to high end models. Emerging market, on the other hand, shows strong growth potential, particularly in China, India, east Europe, and mid east Asia etc., where mid to low end smartphones are getting popular.

■ **Action Plans**

- i. Vertical integration: To reduce the outsourcing proportion to save production costs.
- ii. In terms of the lower selling price of 3C products, the Company will not only make the high value-added products, but also provide the cost saving products & process solution. At the same time, we will improve the process and yield rate to reduce the production cost.

➤ **Rising Production Cost in China; Shortage of Labors and Experienced Employees**

Labor force is limited on account of the change of social values; as a result, the recruitment and production costs are increasing. The demands in skilled and experienced employees are strong because the manufacturing process in metal casing are complicated, the quality requirement is strict, and manpower cannot be totally replaced by the automation. Moreover, in terms of the shorter life cycle, and the increase of product demand, the Company need an abundant manpower and experienced employees. In addition, as a result of China's rapid economic growth, labor cost has been increased a lot; the appreciation of RMB currency, heavier tax, and the inflation.etc caused the labor costs increased dramatically as well.

■ **Action Plans**

- i. Under the principle in economics scales, we will produce our new developed, high price, and high margin products in Taiwan. Through product and manufacture processing designs to reduce reliance on labor force with automation production to achieve high quality performance with lower cost.
- ii. The Company has enough economics scales to lower production cost. With plenty orders and reasonable profitability, we are able to recruit and retain excellent employees by offering well benefits and satisfied salary.
- iii. Increasing automatic production in order to reduce the demand for manpower and improve the production stability.

➤ **Potential Substitute Materials**

Metal alloy is not the only structure material for casing and the internal components of mobile devices and electronic products. Due to its cheaper cost, plastic casing had caused the demand of metal casing to slow down. Right now, plastic casing still has certain share in the market. And the development of new materials of carbon fiber, glass fiber, 3D glass, special metals, composite materials, and so on, may affect the long-term development of the metal casing as well.

■ **Action Plans**

- i. Catcher focuses on R&D and continues to dedicate on developing new potential substitutes. Recently, besides magnesium alloy and aluminum alloy, the Company begins to provide all kinds of metal alloy, such as zinc alloy, stainless steel, carbon fiber, and glass fiber. The Company also aggressively extended special process and technology to accommodate into existing technique, creating a "comprehensive manufacturing matrix". Thus, the Company provides injection, extrusion, forging as well as die-casting, and all kinds of surface treatments on metal alloy products, such

as anode, PVD. Catcher will provide better quality and service diversely, enlarge the differentiation between metal and non-metal, and keep improving competence.

- ii. Catcher's R&D team puts efforts on the exploitation and development of new material, and on the upgrading and development of non-metal material. In addition to metal casing, the Company starts to develop plastic casing and composite materials as well. We saw a remarkable growth in 2013. We are looking forward to providing customers with one-stop shopping and grow together to reach the goal of win-win situation.
- iii. Catcher puts more resources in investment and injects NTD 6 billion to set up a new subsidiary "KeYao" Technology, focusing on new material, new processes, and new business. The shows our determination as the pioneer in electronic structure parts. Recently, Catcher also invests into powder material, and can be more aggressive in this area if customers do have the demand.

➤ High Fluctuation and Unpredictability in Market Demand

Due to the mild growth in needs of consumer electronics products, longer interval between the substitution of electronic products and fiercer competition among different brands, precise prediction on market preference by the supply chain becomes harder, which furthermore causes manufacturers to encounter uncertainty in demands, more difficult planning for productivity and human resources, and high fluctuation in operations.

■ Action Plans

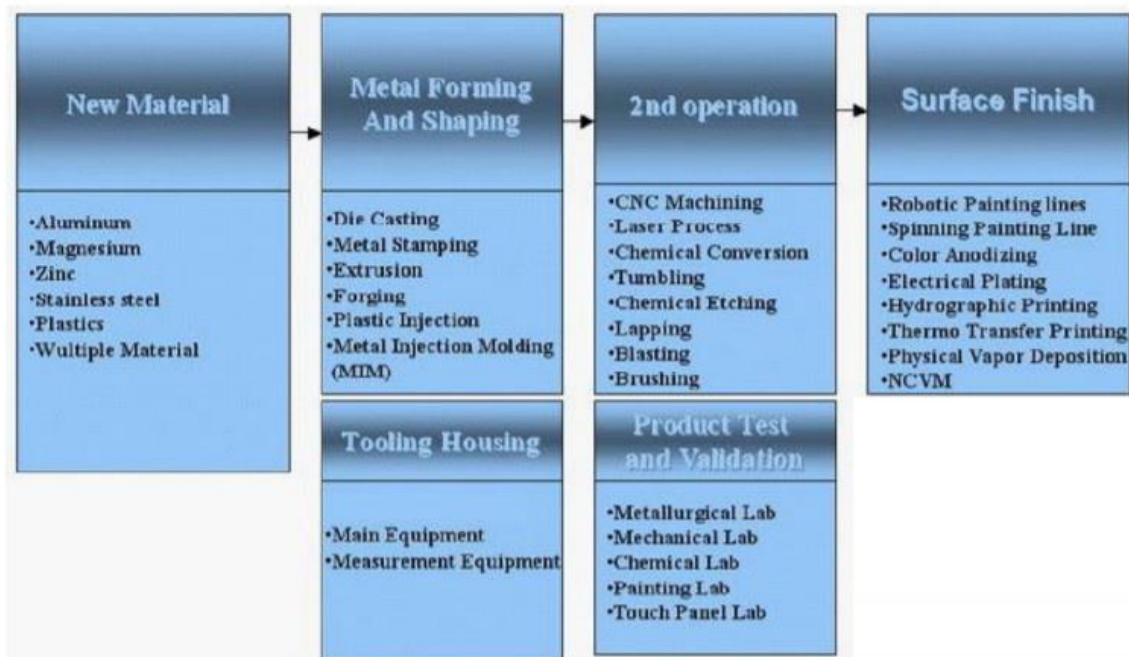
- i. Catcher actively develops new products and customers to increase the diversity of operations and to avoid impacts by single product needs
- ii. Catcher constantly reinforces the design and manufacturing ability in the territory of existing products, offering customers the best choice.

(2) Usage and Manufacture Processing in Main Products:

A. Usage in Main Products:

Catcher's main products include the casing and internal components for mobile devices and other electronic products. These products are used to protect the body, LCD Panel and components, to dissipate heat, to provide protection from shock, and to prevent EMI.

B. Major Product Technology Process :



(3) Supply situation for the major raw materials

Material Categories	Area	Supply Status
Magnesium Alloy Ingot	Mainland China	Sufficient
Aluminum and Zinc Alloy Ingot	Domestic firms, Mainland China	Sufficient
Stainless Steel Sheet	Domestic firms, Japan	Sufficient
Stainless Steel Powder	Domestic firms, Japan, Europe	Sufficient

(4) Major Vendors and Customers

A. Major Customers

Unit: in thousand NTD; %

Item	2019				2018			
	Supplier	Amount	[%]	Related party	Supplier	Amount	[%]	Related party
1	G	56,690,715	61.87%	No	G	58,817,858	61.64%	No
2	C	16,620,114	18.14%	No	C	16,581,736	17.38%	No
	Others	18,317,286	19.99%		Others	20,016,547	20.98%	
	Net Sales	91,628,115	100.00%		Net Sales	95,416,141	100.00%	

Note: The variance is primarily resulted from the dynamic market and customer needs.

B. Major Vendors

Unit: in thousand NTD; %

Item	2019				2018			
	Supplier	Amount	[%]	Related party	Supplier	Amount	[%]	Related party
1	F	8,921,005	39%	No	F	10,617,233	36%	No
2	Others	13,745,344	61%	-	Others	18,500,747	64%	-
	Total	22,666,349	100%		Total	29,117,980	100%	

Note: The variance is primarily resulted from the consideration of quality, pricing, new model, and new processes

(5) Production and Sales Figures

Unit: in thousand NTD ; Thousand pieces

Main Products	Year	2019				2018			
		Capacity	Quantity	Production	Sales	Capacity	Quantity	Production	Sales
Product Sales		108,896	68,123	69,313,406	91,562,759	108,860	73,596	56,784,656	95,347,242
Others		0	0	47,814	65,356	0	0	7,289	68,899
Total		108,896	68,123	69,361,220	91,628,115	108,860	73,596	56,791,945	95,416,141

3. Employee Analysis

Catcher Technology Co., Ltd. Employee Analysis				
Year		2018	2019	As of 2020/2/29
Employees				
Numbers of	Direct Labors	2,011	2,614	2,487

Employees	Indirect Labors	2,118	2,361	2,423
	Total	4,129	4,975	4,910
Average Age		32.08	31.87	31.99
Average Years of Employment		3.89	3.82	3.95
Level of Education (%)	Ph.D.	0.27	0.26	0.28
	Masters Degree	7.12	6.17	6.23
	Bachelors/Associate Degree	31.80	30.49	31.04
	High School	21.04	19.08	19.35
	Others	39.77	44.00	43.10

4. Environmental Protection Information

(1) Total losses and fines for environmental pollution for the two most recent fiscal years, and during the current fiscal year up to the date of printing of the annual report

None.

(2) Explanation of the measures to be taken and possible disbursements to be made in the future:

The Company complies with ISO 14001 and PDCA(Plan-Do-Check-Act Cycle) management system to exercise environment protection, and comply with regulation. Our strategies this year are toward the reduction of wastes, and we have certified vendors to process our factory wastes.

5. Labor Relations:

(1) Employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interest:

A. Employee benefit plans are as follows:

- a. Subsidy for festivals, birthdays and consolation money
- b. Subsidy or compensation for maternity, funeral, and wedding
- c. Drawing for the Chinese New Year Eve Festival
- d. Paid vacations, travel funds and family day
- e. Subsidy for regular health examination program
- f. Care for employees who live on site
- g. Subsidy for insurance and expenses related to business travel
- h. Group insurance for employees
- i. Education scholarship for employees' children

B. Continuing education and training: We encourage employees to pursue advanced knowledge and skills for career development. Employees have opportunities to participate in internal or external courses and forums and company will subsidy for those who pass certification programs.

C. Retirement systems: Company employees enjoy all benefits provided under labor insurance laws. Provisions have also been added to company regulations in accordance with the Labor Standards Law to provide benefits and security for employees when they retire.

D. Labor relations: The achievement of a company depends highly on the synergy created by human capital. In order to attract, train, and retain talents, Catcher provides great career development paths for our employees and always places importance on maintaining labor relation harmony. We possess the win-win philosophy and design a better working environment of attractive salary, welfares, and training systems in the hope to benefit both the Company and its employees.

(2) Loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report, disclose an estimate of losses incurred to date and indicate mitigation measures being or to be

taken:

- A. Catcher has maintained a good relationship with our employees, and there is no loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report. Catcher also estimates that no losses will be incurred in the future due to the labor disputes.
- B. Mitigation measures being or to be taken: None

6. Major Agreements

Contract Type	Name of the Company	Contract Period	Major Content	Limitations
Lease	Taiwan Sugar Co., Ltd.	2000.4.20 2050.4.19	Land rental	The agreement will be terminated or cancelled if violate relative regulations or land pledged without agree written by the landlord.
Contract to purchase Catcher Technology (Suzhou)'s land, plants, dorms, partial equipment	Land Reserve Center of Suzhou Industrial Park	2014.11.28	Land and Factory Purchase	None
Contract for Transfer of the Right to the Use of Land-Topo Technology (Suzhou) Co., Ltd (Factory)	China-Singapore Suzhou Industrial Park Development Co.Ltd	2005.01.12 2055.01.11	Transfer of the right to the use of land	None
Contract for Transfer of the Right to the Use of Land-Meecca Technology (Suzhou) Co., Ltd (Factory)	China-Singapore Suzhou Industrial Park Development Co.Ltd	2006.04.30 2056.04.29	Transfer of the right to the use of land	None
Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2008.12.12 2058.12.11	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2010.01.05 2060.01.04	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2012.07.24 2062.07.23	Transfer of the right to the use of National-owned construction land	None

Contract for Transfer of the Right to the Use of Land-Vito Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2012.08.24 2062.08.23	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Vito Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2014.04.19 2064.04.18	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Vito Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2014.12.15 2064.12.14	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Arcadia Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management	2015.01.15 2065.01.14	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Arcadia Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management	2015.01.15 2065.01.14	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Arcadia Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management	2015.03.24 2065.03.23	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Envio Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management	2017.09.15 2067.09.14	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Topo Technology (Taizhou) Co., Ltd	Bureau of Land Resources and Housing Management-Taizhou	2013.02.14 2063.02.13	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Topo Technology (Taizhou) Co., Ltd	Bureau of Land Resources and Housing Management-Taizhou	2014.07.14 2064.07.13	Transfer of the right to the use of National-owned construction land	None

Contract for Transfer of the Right to the Use of Land-Meecca Technology (Taizhou) Co., Ltd	Bureau of Land Resources and Housing Management-Taizhou	2017.04.20 2067.04.19	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Meecca Technology (Taizhou) Co., Ltd	Bureau of Land Resources and Housing Management-Taizhou	2017.12.29 2067.12.28	Transfer of the right to the use of National-owned construction land	None

Six 、 Overview of the Financial Status

1. Abbreviated Balance Sheets and Income Statements -IFRS

(1) Abbreviated Consolidated Balance Sheet -IFRS

Unit : In thousand NTD

Item \ Year		Past Five Fiscal Year (Note1)					As of 2020/03/31
		2019	2018	2017	2016	2015	(Note 3)
Current Assets		191,844,532	196,505,238	151,436,277	127,943,044	103,551,236	—
Property, Plant and Equipment		41,296,514	50,264,399	52,066,481	51,055,042	58,737,606	—
Intangible Assets		101,455	125,689	81,700	109,393	141,521	—
Other Assets		9,871,772	10,264,587	10,279,504	7,240,105	9,149,309	—
Total Assets		243,114,273	257,159,913	213,863,962	186,347,584	171,579,672	—
Current Liabilities	Before Distribution	93,271,004	103,990,484	77,326,260	57,291,101	44,873,539	—
	After Distribution (Note 2)	93,271,004	113,235,176	86,570,952	64,995,012	52,577,450	—
Long-term Liabilities		1,254,762	1,845,114	3,403,023	6,226,431	10,740,671	—
Total Liabilities	Before Distribution	94,525,766	105,835,598	80,729,283	63,517,532	55,614,210	—
	After Distribution (Note 2)	94,525,766	115,080,290	89,973,975	71,221,443	63,318,121	—
Equity attributed to parent company's shareholders		148,462,713	151,219,313	133,050,446	122,629,326	115,762,580	
Capital		7,703,911	7,703,911	7,703,911	7,703,911	7,703,911	—
Capital reserve		20,237,791	20,238,740	20,270,956	20,269,657	20,274,286	—
Retained earnings	Before Distribution	132,709,517	130,686,978	111,282,634	97,143,287	82,827,439	—
	After Distribution (Note 2)	132,709,517	121,442,286	102,037,942	89,439,376	75,123,528	—
Other equity		-12,188,506	-7,410,316	-6,207,055	-2,487,529	4,956,944	—
Treasury stock		0	0	0	0	0	—
Minority equity		125,794	105,002	84,233	200,726	202,882	—
Total Equity Total Equity	Before Distribution	148,588,507	151,324,315	133,134,679	122,830,052	115,965,462	—
	After Distribution (Note 2)	148,588,507	142,079,623	123,889,987	115,126,141	108,261,551	—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

Note 2: Because 2020 shareholders' meeting has not yet been convened, the amount after distribution in 2018 represents the same as the amount before distribution.

Note 3: Up until the printing date, Q1/2020 financial report is not yet available.

(2) Abbreviated Parent Company Balance Sheet -IFRS

Item \ Year		Past Five Fiscal Year (Note1)					As of 2020/03/31
		2019	2018	2017	2016	2015	(Note 3)
Current Assets		69,339,078	94,542,208	89,805,016	66,840,329	58,234,017	—
Property, Plant and Equipment		7,580,644	6,896,206	6,210,883	5,989,971	5,804,281	—
Intangible Assets		46,272	53,411	2,988	2,041	4,829	—
Other Assets		149,442,856	144,074,919	123,081,770	112,783,180	103,342,337	—
Total Assets		226,408,850	245,566,744	219,100,657	185,615,521	167,385,464	—
Current Liabilities	Before Distribution	77,763,289	94,292,872	85,967,923	62,070,808	48,064,998	—
	After Distribution (Note 2)	77,763,289	103,537,564	95,212,615	69,774,719	55,768,909	—
Long-term Liabilities		182,848	54,559	82,288	915,387	3,557,886	—
Total Liabilities	Before Distribution	77,946,137	94,347,431	86,050,211	62,986,195	51,622,884	—
	After Distribution (Note 2)	77,946,137	103,592,123	95,294,903	70,690,106	59,326,795	—
Equity attributed to parent company's shareholders		148,462,713	151,219,313	133,050,446	122,629,326	115,762,580	—
Capital		7,703,911	7,703,911	7,703,911	7,703,911	7,703,911	—
Capital reserve		20,237,791	20,238,740	20,270,956	20,269,657	20,274,286	—
Retained earnings	Before Distribution	132,709,517	130,686,978	111,282,634	97,143,287	82,827,439	—
	After Distribution (Note 2)	132,709,517	121,442,286	102,037,942	89,439,376	75,123,528	—
Other equity		-12,188,506	-7,410,316	-6,207,055	-2,487,529	4,956,944	—
Treasury stock		0	0	0	0	0	—
Minority equity		0	0	0	0	0	—
Total Equity Total Equity	Before Distribution	148,462,713	151,219,313	133,050,446	122,629,326	115,762,580	—
	After Distribution (Note 2)	148,462,713	141,974,621	123,805,754	114,925,415	108,058,669	—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

Note 2: Because 2020 shareholders' meeting has not yet been convened, the amount after distribution in 2018 represents the same as the amount before distribution.

Note 3: Up until the printing date, Q1/2020 audited financial report is not yet available.

(3) Abbreviated Consolidated Income Statement -IFRS

Unit : in thousand NTD (EPS: NTD)

Item \ Year	Past Five Fiscal Year (Note1)					As at 2020/03/31
	2019	2018	2017	2016	2015	(Note3)
Net Operating Revenues	91,628,115	95,416,141	93,295,960	79,113,653	82,413,385	—
Gross Profit	22,266,895	38,624,196	41,969,517	34,397,630	38,146,556	—
Operating Income (Loss)	14,109,148	29,604,362	33,433,242	27,490,819	29,425,687	—
Net Non-operating Income (expenses)	5,874,113	11,714,774	-688,024	5,134,229	5,271,311	—
Income (loss) Before Tax From Continuing Operations	19,983,261	41,319,136	32,745,218	32,625,048	34,696,998	—
Income (loss) From Continuing Operations	11,297,820	27,994,853	21,857,599	22,068,278	25,181,351	—
Income (loss) From Discontinued Operations	0	—	—	—	—	—
Net Profit (loss)	11,297,820	27,994,853	21,857,599	22,068,278	25,181,351	—
Other Comprehensive Income (loss)	(4,783,094)	-528,309	-3,726,580	-7,512,681	-680,917	—
Total Comprehensive Income (loss)	6,514,726	27,466,544	18,131,019	14,555,597	24,500,434	—
Net Profit attributed to Parent Company's shareholders	11,272,124	27,972,188	21,843,250	22,019,794	25,120,856	—
Net Profit attributed to minority	25,696	22,665	14,349	48,484	60,495	—
Comprehensive Income attributed to Parent Company's shareholders	6,493,934	27,445,775	18,123,732	14,575,286	24,489,048	—
Comprehensive Income attributed to minority	20,792	20,769	7,287	-19,689	11,386	—
Earnings Per Share (Note 2)	14.63	36.31	28.35	28.58	32.61	—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

Note 2: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.

Note 3: Up until the printing date, audited Q1/2020 financial report is not yet available.

(4) Abbreviated Parent Company's Income Statement -IFRS

Item \ Year	Past Five Fiscal Year (Note1)					As at 2020/03/31
	2019	2018	2017	2016	2015	(Note 3)
Net Operating Revenues	64,460,760	66,951,051	65,607,147	59,353,755	60,170,232	
Gross Profit	3,673,706	8,393,585	7,591,901	5,053,498	6,880,773	—
Operating Income (Loss)	2,494,760	7,509,608	6,742,308	4,253,180	5,773,045	—
Net Non-operating Income (expenses)	10,100,348	23,368,943	18,507,660	21,101,513	21,748,436	—
Income (loss) Before Tax From Continuing Operations	12,595,108	30,878,551	25,249,968	25,354,693	27,521,481	—
Income (loss) From Continuing Operations	11,272,124	27,972,188	21,843,250	22,019,794	25,120,856	—
Income (loss) From Discontinued Operations	—	—	—	—	—	—
Net Profit (loss)	11,272,124	27,972,188	21,843,250	22,019,794	25,120,856	—
Other Comprehensive Income (loss)	(4,778,190)	-526,413	-3,719,518	-7,444,508	-631,808	—
Total Comprehensive Income (loss)	6,493,934	27,445,775	18,123,732	14,575,286	24,489,048	—
Net Profit attributed to Parent Company's shareholders	—	—	—	—	—	—
Net Profit attributed to minority	—	—	—	—	—	—
Comprehensive Income attributed to Parent Company's shareholders	—	—	—	—	—	—
Comprehensive Income attributed to minority	—	—	—	—	—	—
Earnings Per Share (Note 2)	14.63	36.31	28.35	28.58	32.61	—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.

Note 2: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.

Note 3: Up until the printing date, Q1/2020 audited financial report is not yet available.

2. Names of the Auditors and the Opinions:

Year	CPA Firm	CPA	Auditors' Opinion	Reason for change CPA
2015	Deloitte & Touche	Hung Ju Liao Chun Chi Kung	Revised unqualified opinion	Job rotation inside CPA firm
2016	Deloitte & Touche	Hung Ju Liao Chun Chi Kung	unqualified opinion	
2017	Deloitte & Touche	Chi Chen Lee Chun Chi Kung	unqualified opinion	Job rotation inside CPA firm
2018	Deloitte & Touche	Chi Chen Lee Chun Chi Kung	unqualified opinion	
2019	Deloitte & Touche	Chi Chen Lee Chun Chi Kung	unqualified opinion	

2. Financial Analysis for the Past Five Years

(1) Consolidated Financial Analysis -IFRS

Analysis Items \ Year		Financial Information For The Past 5 Years (Note 2)					As of 2019/03/31
		2019	2018	2017	2016	2015	(Note 3)
Capital Structure (%)	Debt ratio	38.88	41.15	37.74	34.08	32.41	—
	Long-term Funds to Fixed Assets	359.50	300.84	255.53	240.19	197.08	—
Liquidity (%)	Current Ratio	205.68	188.96	195.84	223.32	230.76	—
	Quick Ratio	188.88	162.00	180.04	215.02	209.41	—
	Times Interest Earned	2,182.10	8,890.80	10,426.33	13,866.71	20,135.33	—
Operating Performance	Accounts Collection Turnover (times)	3.76	3.33	2.84	2.56	3.34	—
	Average Collection Days	97.07	109.60	128.52	142.57	109.28	—
	Inventory Turnover (times)	3.52	3.29	8.05	8.35	6.89	—
	Average Payable Turnover (times)	5.45	4.33	5.86	7.60	7.07	—
	Inventory Turnover Days	103.69	110.94	45.34	43.71	52.97	—
	Fixed asset Turnover (times)	2.00	1.86	1.80	1.44	1.58	—
	Total asset Turnover (times)	0.36	0.40	0.46	0.44	0.53	—
Profitability	Return on Assets (%)	4.73	12.02	11.02	12.42	16.40	—
	Return on Equity (%)	7.53	19.69	17.09	18.51	23.79	—
	Income Before Tax as % of Capital	259.39	536.33	425.04	423.48	450.38	—
	Net income to Sales (%)	12.33	29.33	23.42	27.89	30.55	—
	EPS (NTD) (Note 1)	14.63	36.31	28.35	28.58	32.61	—
Cash Flow (%)	Cash Flow Ratio	27.66	25.89	42.49	42.32	74.07	—
	Cash Flow Adequacy Ratio	119.43	108.83	123.13	118.89	111.34	—
	Cash flow Reinvestment Ratio	7.69	8.37	13.57	9.84	18.17	—
Leverage	Operating Leverage	4.02	2.22	1.98	2.03	1.99	—
	Financial Leverage	1.07	1.01	1.00	1.00	1.00	—

Please explain the changes of any financial information in the past 5 years. (excluding changes less than 20%)

Note1: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.

Note2: The financial information over the past 5 years has been audited by independent auditors.

Note3: Up until the printing date, Q1/2020 audited financial report is not available

Explanations for Significant Changes (over 20%)

- Times Interest Earned: The ratio increased due to better sales performance and increasing profits
- Average Payable Turnover (times), Fixed asset Turnover (times), Total asset Turnover (times), Income Before Tax as % of Capital, EPS: Changes because of 2019 US-China Trade War and weak demand of electronic products.

(2) Parent Company Financial Analysis -IFRS

Analysis Items		Year	Financial Information For The Past 5 Years (Note 2)					As of 2019/03/31 (Note 3)
			2019	2018	2017	2016	2015	
Capital Structure (%)	Debt Ratio		34.42	38.42	39.27	33.93	30.84	—
	Long-term Funds to Fixed Assets		1,958.44	2,192.78	2,142.21	2,047.24	1,994.43	—
Liquidity (%)	Current Ratio		89.16	100.26	104.46	107.68	121.15	—
	Quick Ratio		81.24	89.03	99.11	105.47	120.11	—
	Times Interest Earned		3,105.72	8,198.42	8,968.47	11,177.48	16,021.80	—
Operating Performance	Accounts Collection Turnover (times)		5.10	4.13	2.95	2.72	4.21	—
	Average Collection Days		71.56	88.37	123.72	134.19	86.69	—
	Inventory Turnover (times)		7.32	8.35	26.23	80.17	136.46	—
	Average Payable Turnover (times)		4.39	2.26	2.4	2.9	5.06	—
	Inventory Turnover Days		49.86	43.71	13.91	4.55	2.67	—
	Fixed asset Turnover (times)		8.90	10.21	10.75	10.06	10.17	—
	Total asset Turnover (times)		0.27	0.28	0.32	0.33	0.42	—
Profitability	Return on Assets (%)		4.93	12.18	10.91	12.58	17.83	—
	Return on Equity (%)		7.52	19.68	17.08	18.47	23.73	—
	Income Before Tax as % of Capital		163.48	400.81	327.75	329.11	357.24	—
	Net income to Sales (%)		17.48	41.78	33.29	37.09	41.74	—
	EPS (NTD) (Note 1)		14.63	36.31	28.35	28.58	32.61	—
Cash Flow (%)	Cash Flow Ratio		-19.12	2.95	23.94	-2.51	34.41	—
	Cash Flow Adequacy Ratio		42.60	84.74	106.5	72.77	113.10	—
	Cash flow Reinvestment Ratio		-15.61	-4.12	9.36	-7.26	9.72	—
Leverage	Operating Leverage		14.66	5.35	5.8	8.12	6.18	—
	Financial Leverage		1.20	1.05	1.04	1.05	1.03	—

Please explain the changes of any financial information in the past 5 years. (excluding changes less than 20%)

Note1: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.

Note2: The financial information over the past 5 years has been audited by independent auditors.

Note3: Up until the printing date, Q1/2020 financial report is not available

Explanations for Significant Changes (over 20%)

- Times interest earned: This ratio decreased due to an increase in interest expense and a decrease in net profit before tax this year.
- Accounts collection turnover(times): The ratio increased because of average balance of receivables decreased compared with 2018.
- Return on Assets (%), Return on Equity (%), Income Before Tax as % of Capital, Net income to Sales (%), EPS (NTD) : The changes in this financial ratio are mainly due to the US-China Trade War and the poor sale momentum of electronic products in 2019, which results in a decrease in operating income, operating costs, foreign currency exchange losses related to revenue and expenditure. The use of equity method and decrease in the share of the company's and affiliated companies' profits also lead to a decrease in overall profits..
- Cash flow ratio, Cash Flow Adequacy Ratio, Cash flow reinvestment ratio: The ratio increased due to worse cash inflow from operating activities.

Formula for Financial Analysis :

A. Capital Structure

- Debt ratio = Total liabilities/Total assets
- Long-term funds to fixed assets = (Stockholders' equity + Long-term Liabilities) / Net Fixed Assets

B. Liquidity

- $\text{Current ratio} = \text{Current assets} / \text{Current liability}$
- $\text{Quick ratio} = (\text{Current asset} - \text{Inventories} - \text{Prepaid Expense} - \text{Current Deferred Income Tax}) / \text{Current Liability}$
- $\text{Times interest earned} = \text{Earnings before interest and Taxes} / \text{Interest Expense}$

C. Operating Performance

- $\text{Accounts collection turnover (times)} = (\text{including accounts receivable and notes receivable from operating}) = \text{Net Sales} / \text{Average Trade Receivable} = (\text{including accounts receivable and notes receivable from operating})$
- $\text{Average collection days} = 365 / \text{Average Collection Turnover (Times)}$
- $\text{Inventory turnover times} = \text{Cost of Goods Sold} / \text{Average Inventory}$
- $\text{Average payable turnover (times)} = (\text{including accounts payable and notes payable from operating}) = \text{Cost of Goods Sold} / \text{Average Trade Payables} = (\text{including accounts payable and notes payable from operating})$
- $\text{Inventory turnover days} = 365 / \text{Inventory Turnover (times)}$
- $\text{Fixed assets turnover (times)} = \text{Net Sales} / \text{Average Fixed Assets}$
- $\text{Total assets turnover (times)} = \text{Net sales} / \text{Average Total Assets}$

D. Profitability

- $\text{Return on total assets} = [\text{Net Income after Tax} + \text{Interest Expense} \times (1 - \text{Tax Rate})] / \text{Average Total Assets}$
- $\text{Return on Equity} = \text{Net Income after Tax} / \text{Average Stockholders' Equity}$
- $\text{Net income to sales} = \text{Net Income after Tax} / \text{Net Sales}$
- $\text{EPS} = (\text{Net Income after Tax} - \text{Preferred Stock Dividend}) / \text{Weighted Average Number of Shares Outstanding}$

E. Cash Flow

- $\text{Cash flow ratio} = \text{Net operating cash flow} / \text{Current liability}$
- $\text{Cash flow adequacy ratio} = \text{Net operating cash flow over the last 5 years} / (\text{capital expense} + \text{inventory} + \text{cash dividend})$
- $\text{Cash flow reinvestment ratio} = (\text{Net operating cash flow} - \text{cash dividends}) / (\text{Gross fixed assets} + \text{long-term investment} + \text{other assets} + \text{working capital})$

F. Leverage

- $\text{Operating leverage} = (\text{Net Sales} - \text{Variable Cost \& expense}) / \text{Income from Operations}$
- $\text{Financial leverage} = \text{Income from Operations} / (\text{Income from Operations} - \text{Interest Expenses})$

3. Audit Committee's Review Report

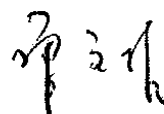
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Financial Statements. Independent auditors, Certified Public Accountants of Deloitte & Touche, have audited the Financial Statements. The Financial Statements have been reviewed and determined to be correct and accurate by the Audit Committee of CATCHER. The Audit Committee hereby submits this report according to Article 14-5 of the Securities and Exchange Act and Article 219 of the Company Act.

Catcher Technology Co., Ltd.

Audit Committee Members

Independent Director:



March 10 , 2020

4. Consolidated Financial Statements

Please refer to appendix 1

5. Financial Statements

Please refer to appendix 2

6. Financial Difficulties Information

None.

Seven 、 Financial Position, Business Performance and Risks

1. Financial Position

Analysis of Financial Position

Unit: in thousand NTD

Item \ Year	2019	2018	Difference	
			Amount	%
Current Assets	191,844,532	196,505,238	-4,660,706	-2%
Fixed Assets, Plant and Equipment	41,296,514	50,264,399	-8,967,885	-18%
Intangible Assets	101,455	125,689	-24,234	-19%
Other Assets	9,871,772	10,264,587	-392,815	-4%
Total assets	243,114,273	257,159,913	-14,045,640	-5%
Current Liabilities	93,271,004	103,990,484	-10,719,480	-10%
Long-term Liabilities	1,254,762	1,845,114	-590,352	-32%
Total liabilities	94,525,766	105,835,598	-11,309,832	-11%
Equity attributed to parent company's shareholders	148,462,713	151,219,313	-2,756,600	-2%
Capital	7,703,911	7,703,911	0	0%
Capital Reserve	20,237,791	20,238,740	-949	0%
Retained Earnings	132,709,517	130,686,978	2,022,539	2%
Shareholders' Equity - others	-12,188,506	-7,410,316	-4,778,190	64%
Treasury stock	0	0	0	0%
Minority equity	125,794	105,002	20,792	20%
Total Equity	148,588,507	151,324,315	-2,735,808	-2%

(1) Explanations for Significant Changes in Financial Position

- Decrease in long-term liabilities due to decrease of deferred income tax for equipment has been re-recognized into fixed assets.
- Shareholders' Equity - others decreased due to the continuous appreciation of NTD which leads to exchange rate fluctuation to generate foreign currency exchange difference.
- Increase in minority equity due to increase of profit by subsidiaries.

(2) Significant Influences by the Changes

No material influences.

(3) Action Plans for the Influences

Not Applicable

2. Operating Results

(1) Analysis of Operating Results

Unit: in thousand NTD

Item \ Year	2019	2018	Increase (Decrease) Amount	Percentage of change (%)
Net sales	91,628,115	95,416,141	(3,788,026)	-4%
Gross Profit	22,266,895	38,634,196	(16,357,301)	-42%
Operating Income (Loss)	14,109,148	29,604,362	(15,495,214)	-52%
Non-Operating Income (Expenses)	5,874,113	11,714,774	(5,840,661)	-50%
Income before Income Tax	19,983,261	41,319,136	(21,335,875)	-52%
Profit from Continuing Operations	11,297,820	27,994,853	(16,697,033)	-60%
Loss from Discontinued Operations	—	—	0	0%
Net Income (Loss)	11,297,820	27,994,853	(16,697,033)	-60%
Other Comprehensive Income	(4,783,094)	-528,309	(4,254,785)	805%
Total Comprehensive Income	6,514,726	27,466,544	(20,951,818)	-76%
Net Profit attributed to Parent Company's shareholders	11,272,124	27,972,188	(16,700,064)	-60%
Net Profit attributed to Non-Controlling Equity	25,696	22,665	3,031	13%
Total Comprehensive Income attributed to Parent Company's shareholders	6,493,934	27,445,775	(20,951,841)	-76%
Total Comprehensive Income attributed to Non-controlling Equity	20,792	20,769	23	0%
Earnings per Share	14.63	36.31	(21.68)	-60%

B. Explanations for Significant Changes

- Decrease in sales, gross profit, operating income, net profits and net profit attributed to parent company's shareholders, Total Comprehensive Income attributed to Parent Company's shareholders and Earnings per Share were attributed to the US-China Trade War and weak demand of electronic products.
- Decrease in non-operating income and expenditure were due to exchange interest decrease from foreign net asset exchange to NTD resulting from continual inflation of NTD.
- Decrease in other comprehensive income was because of exchange rate fluctuation to generate foreign currency exchange difference.

C. Sales Quantities Estimation for Next Year

Non Applicable as this company doesn't compile and publicly announce fiscal forecast.

D. Possible Impact on Future Business and Responsive Plans

No significant impact on financial and business.

3. Analysis on Cash Flow

Unit: in thousand NTD

Cash Balance at the Beginning of the Year (A) (2018.12.31)	Net Cash Provided by Operating Activities (B) (2019)	Net cash Provided from Investing and Financing Activities (C) (2019)	Impact from changes in Foreign Currency Exchange Rate (D) (2019)	Balance of Net Cash (A+B+C+D) (2019.12.31)	Remedy for cash shortfall	
					Investment Plan	Finance plan
\$29,304,500	\$25,802,112	\$15,273,649	-\$1,363,015	\$69,017,246	—	—

(1)Analysis Cash Flow Changes during the Most Recent Fiscal Year

➤ Operating Activities

Cash inflow approximately NTD 25,802,112 thousand was mainly because the Company continued to generate profits , inventory digestion and collection of accounts receivable.

➤ Investing Activities

Cash outflow approximately NTD 28,650,807 thousand was mainly due to the increase in amortized financial assets of cost measurement and purchasing real estate, factories and equipment/machinery.

➤ Financing Activities

Cash inflow approximately NTD 13,377,158 thousand was mainly due to cash dividend payment and decrease in short-term borrowings.

(2)Action Plans to Improve the Cash Flow

Not Applicable

(3)Cash Liquidity Analysis for the Upcoming Year

Not Applicable

4. Impact on the Company's Financial Operations and Contingency Action Regarding Major Capital Expenditures

(1) Major Capital Expenditures

Unit: in thousand NTD

Plan	Actual or Expected Sources of Capital	Actual or Planned Completion Date	Expected Benefits
-Construction of Factories -Machinery and Equipment	-Self owned capital -Bank loans -Bonds	In progress	To plan better working environment for the Company's long-term management.
			For capacity expansion to enhance the competitiveness of Catcher and improve the operating efficiency, which shall benefit shareholders.

5. Investment Policy, Causes of Profit/Loss and Future Investment Plans

(1) Investment Policy

Our investment policy focuses on the related industry to strengthen the competitiveness. Every investment case is only executed after comprehensive analysis and consideration. In addition, the Company carefully monitors and evaluates its investment companies' operation and performance.

(2) Causes of Profit / Loss

The Company has recognized investment gains of \$ 9,795,856 thousand in 2019. These gains were mostly contributed from subsidiaries.

6. Risk Management and Evaluation

(1)Impact on Corporate Profitability from Fluctuating Interest Rates, Exchange Rates, and Inflation

A. Interest Rate Risk

The Company's interest rate risk is generated from the short-term liabilities of operating activities. The risk is low because of adopting stable rate and low-cost financial instruments. For the respect of assets, we mostly invest in high-liquidity, short-term fixed-income bonds or term deposits in order to protect capital and reduce risks.

B. Exchange Rate Risk

The Company mostly charges US dollars from sales, and most payable for machinery/equipment by Japanese yen. The Company's foreign currency policy is relative conservative by dynamically adjusting assets and liabilities positions and engaging in hedge instruments to lower exchange rate risk.

C. Inflation Risk

The international gasoline and raw material prices have been returned to a normal level and the inflation risk has been turned down as well. In the long term, the Company will adjust its inventory stock level to reduce possible impact from inflation risk.

(2) Profit or Loss from Activities in High Risk and Highly Leveraged Investments, Loans Provided to Others, Endorsements and Guarantees, and Derivatives

Catcher did not engage in any high-risk investment or any leveraged investment. Parties who were given endorsements or loans by Catcher were all subsidiaries or operation needed. The endorsements and loans policy are all followed by the Company's Endorsement and Guarantee Procedure and Lending of Capital Procedure. All the derivatives engaged by the Company were under non-trading purpose. They are mainly to lower the risk of the exchange rate. We comply with the Company's Procedures of Asset Acquisition and Disposition where regulates in conducting derivatives transactions.

(3) Upcoming R&D Plans and Their Status

Please refer to the disclosure information of R&D status in the section of "Reports to the Shareholders" for details.

(4) Impact on the Company's Financial Operation and Contingency Action Regarding Recent Changes in Domestic and International Policies and Regulations

The Company has dedicated staff to follow the important domestic and international policy and legal changes at any time; responding for seeking professional advices such as lawyer and accountant and plan preventative actions. During 2017, such changes have no major impact on our operation.

(5) Impact on the Company's Financial Operations and Contingency Action Regarding Recent Changes in Technology

We pay full attention on collecting and analyzing the market and technology's development changes of various alloy products. Thus, we are able to minimize the impact from technology changes. In addition to enhance in value-added and high profit products' developments, we continue to focus on diversity in product and profit improvement. . Also we emphasize on keeping long-term relationship with our customers by providing total solutions of product designs, mass production, logistic supports, sales distribution, and customer services. Thus, we can reduce the impacts on changes in technology.

(6) Impact on the Company's Risk Management and Contingency Action Regarding Recent Changes in Corporate Image

Our Company has always upheld integrity and abides by the law and fulfills social responsibility; hence our corporation image has been superior. As of the date of publishing this annual report there are no matters risking the Company's normal operation or corporate image.

(7) Risk from the Company's Any Merger and Acquisitions

As of the date of publishing this annual report there is no such issues incurred.

(8) Risk of Excess Capacity from Fluctuating Economics Conditions

After appropriate analysis in the industry, market status, cost, and production of the Company in different bases, we has maintained a leading position in technology and processing within the industry. We aim to improve the productivity and yield for cost advantages, as well as decreasing the risk of expanding the plants; hopefully this would significantly boost the corporation profit performance.

(9) Risk of Profit/Loss if Sales/Material are Concentrated on a Single or Few

Customers/Suppliers, and a Major Customers/Supplier Reduces its Orders/Supplies

A. Risk of Sales Concentrated

Major customers are disclosed in operation overview section. Although the major operating revenues are from international big brand customers, there is no material risk in sales concentration. However, the Company's sales still depends on the status of prosperity of the economics status, customers' product designs, outsourcing strategy and inventory adjustment.

B. Risk of Suppliers concentrated

The major vendors are disclosed in operation overview section. There is no material purchase concentrated situation.

From the perspective of Catcher and the industry, it is better toward to dispersion in purchase and sales. We will continue putting efforts and keeping the business in a balance and conservative status.

(10) Risk of Change of Control and Stock Price Fluctuation from Large Scale Transfer of Shares

Directors and major shareholders all keep a positive perspective to Company. However, shareholders may have their personal considerations regarding their portfolios or tax concerns. When our directors and major shareholders (>10% holding) are planning to take a major transfer, they might communicate with the Board and managements. Thus, there is no negative impact to the Company's operation and shareholders' equity. We follow the regulations and consider the Company's profit and shareholders' benefit at first priority. Up until the printing date, there is no shareholders with more than 10% shareholdings.

(11) Risk of the Company Losing One or More Key Personnel without Adequate Replacement Due to Any Change of Company Control

There is no change in governance personnel being taken during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.

(12) Litigation and Non-litigated Incidents

The financial report has full disclosed the related litigation and non-litigation matters and their effects.

(13) Other Significant Risks

None

7. Other Necessary Supplements

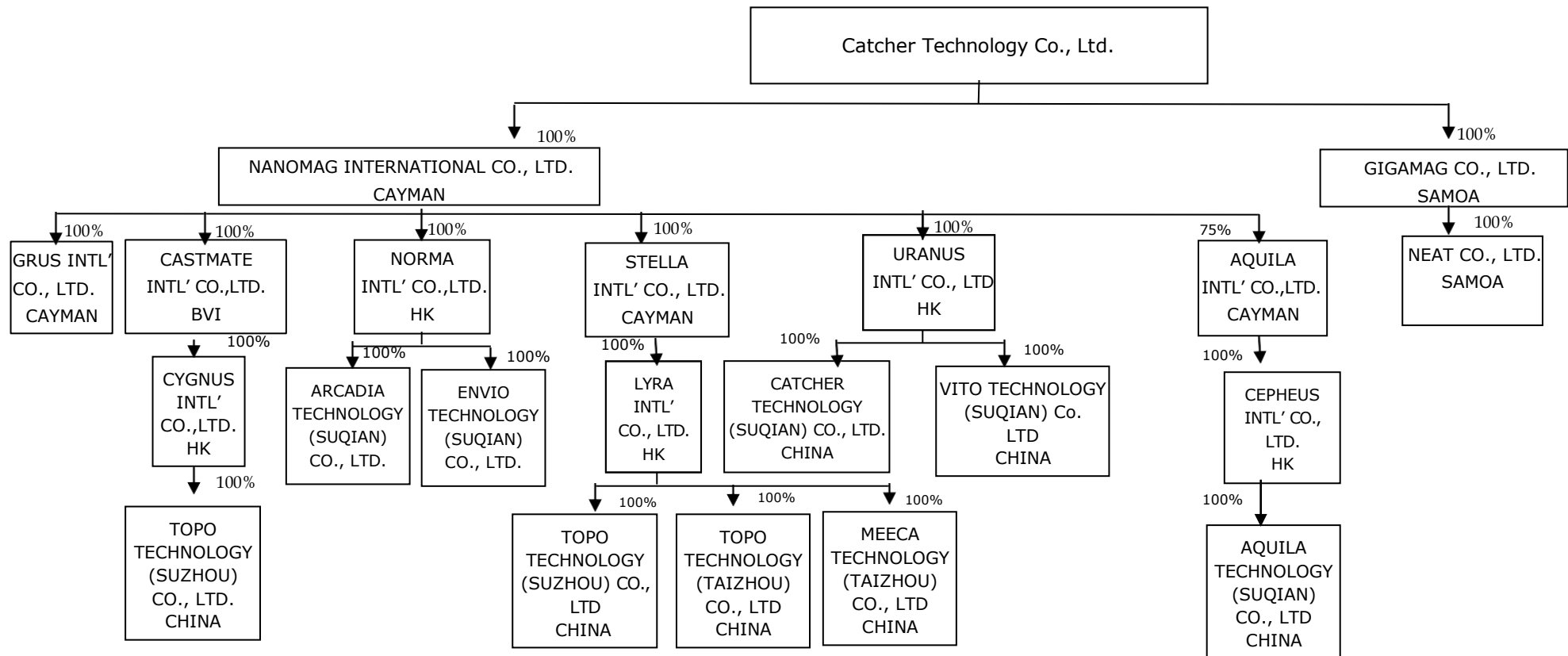
None

Eight 、 Special items to be included

1. Summary of Affiliated Enterprises

(1)The Consolidated Operating Report

A. Organizational Chart (2019.12.31)



B. Basic Information of the Company's Affiliated Enterprises:

2019/12/31; Unit: in thousand NTD

Name of Corporation	Date of incorporation	Address	Capital	Major Business
Nanomag International Co., Ltd.	2001.07.19	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	1	Investment activities
Gigamag Co., Ltd.	2000.12.15	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	484,941	Investment activities
Castmate International Co., Ltd.	1998.04.15	Vistra Corporate Services Centre, Wickhams Cay II, Road Town Tortola VG1110, British Virgin Islands	30,268	Investment activities
Stella International Co., Ltd.	2003.11.13	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	9,955,733	Investment activities
Aquila International Co., Ltd.	2005.01.06	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	44,771	Investment activities
Uranus International Co., Limited	2007.11.07	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	11,962,301	Investment activities
Norma International Co., Limited	2014.09.18	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	8,980,020	Investment activities
Cygnus International Co., Limited	2007.11.07	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	299,958	Investment activities
Lyra International Co., Limited	2007.11.07	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	9,954,961	Investment activities
Cepheus International Co., Limited	2007.11.09	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	41,972	Investment activities
Neat Co., Ltd.	2017.03.03	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	300	International Trades
Next Level Limited	2019.01.25	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	300	Investment activities

Topo Technology (Suzhou) Co., Ltd.	2003.12.22	No 111, ChangYang St. Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	300,100	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	2006.03.14	No 107, ChangYang St. Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	299,800	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Topo Technology (Taizhou) Co., Ltd.	2012.06.12	No 227, Xiangtai Rd., Taizhou City	5,544,033	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Meeca Technology (Taizhou) Co., Ltd.	2016.05.03	No 227, Xiangtai Rd., Taizhou City	5,737,793	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Catcher Technology (Suqian) Co., Ltd.	2008.12.09	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	5,996,000	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
VITO Technology (Suqian) Co., Ltd.	2012.07.11	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	5,725,885	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Arcadia Technology (Suqian) Co., Ltd.	2014.10.23	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	5,873,880	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Aquila Technology (Suqian) Co., Ltd.	2005.03.21	Factories A08-A10, SU-SU Industrial Park, Suqian City,SUZHOU	41,972	Manufacturing and marketing of electronic parts and molds
EnvioTechnology (Suqian) Co., Ltd.	2017.05.18	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	2,940,922	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Ke Yue Co., Ltd.	2018.03.07	1f, No. 10, Ln. 138, RenAi St., Yanxing Vil., Yongkang Dist., Tainan City	1,129,000	Investment activities
Yi Sheng Co., Ltd.	2018.03.07	1f, No. 10, Ln. 138, RenAi St., Yanxing Vil., Yongkang Dist., Tainan City	298,000	Investment activities
Yi De Co., Ltd.	2018.03.07	1f, No. 10, Ln. 138, RenAi St., Yanxing Vil., Yongkang Dist., Tainan City	298,000	Investment activities

C. Information for Common Shareholders of Treated-as Controlled Companies and Affiliates

None.

D. Business of Catcher's Affiliates and their relationship

Major Business	Name of Affiliated Enterprises	Relationship in between
Investment activities	Nanomag International Co., Ltd.	Invest in Castmate International Co., Ltd. 、 Stella International Co., Ltd. 、 Aquila International Co., Ltd. 、 Uranus International Co., Limited 、 Grus International Co., Limited 、 Norma International Co., Limited

Investment activities	Gigamag Co., Ltd.	Invest in Neat Co., LTD.
Investment activities	Castmate International Co., Ltd.	Invest in Cygnus International Co., Limited
Investment activities	Stella International Co., Ltd.	Invest in Lyra International Co., Limited
Investment activities	Aquila International Co., Ltd.	Invest in Cepheus International Co., Limited
Investment activities	Uranus International Co., Limited	Invest in Catcher Technology (Suqian) Co., Ltd., Vito Technology (Suqian) Co., Ltd.
Investment activities	Norma International Co., Limited	Invest in Vito Technology (Suqian) Co., Ltd., Envio Technology (Suqian) Co., Ltd.
Investment activities	Cygnus International Co., Limited	Meeca Technology (Suzhou) Co., Ltd.
Investment activities	Lyra International Co., Limited	Invest in Topo Technology (Suzhou) Co., Ltd., Topo Technology (Taizhou) Co., Ltd., Meeca (Taizhou) Co., Ltd.
Investment activities	Cepheus International Co., Limited	Invest in Aquila Technology (Suzhou)Co., Ltd.
Investment activities	Next Level Limited	None
Investment activities	Ke Yue Co., Ltd.	None
Investment activities	Yi Sheng Co., Ltd.	None
Investment activities	Yi De Co., Ltd.	None
International Trade	Neat Co., LTD.	None
Manufacturing and sales of electronics products	Topo Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Meeca Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Topo Technology (Taihou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Meeca Technology (Taizhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Catcher Technology (Suqian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	VITO Technology (Suqian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Arcadia Technology (Suqian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Aquila Technology (Suzhou) Co., Ltd.	Sales and production of molds and electronic parts
Manufacturing and sales of electronics products	Envio Technology (Suqian) Co., Ltd.	Manufacturing and sales of alloying products

E. Directors, Supervisors and General Manager of Affiliated Enterprises

Unit: Share; %

Name of Corporation	Title		Shareholding	
			Shares	%
Nanomag International Co., Ltd.	Director	Catcher Technology Co., Ltd.	30	100
Gigamag Co., Ltd.	Director	Catcher Technology Co., Ltd.	14,377,642	100
Castmate International Co., Ltd.	Director	Nanomag International Co., Ltd.	1,009,592	100
Stella International Co., Ltd.	Director	Nanomag International Co., Ltd.	332,079,144	100
Aquila International Co., Ltd.	Director	Nanomag International Co., Ltd.	1,050,000	75
Next Level Limited	Director	Nanomag International Co., Ltd.	10,000	100
Uranus International Co., Ltd.	Director	Mei-Hsing Chen	0	0
Cygnus International Co., Ltd.	Director	Mei-Hsing Chen	0	0
Lyra International Co., Limited	Director	Mei-Hsing Chen	0	0
Cepheus International Co., Limited	Director	Mei-Hsing Chen	0	0
Norma International Co., Limited	Director	Mei-Hsing Chen	0	0
Neat Co., Ltd.	Director	Gigamag Co., Ltd.	10,000	100
Topo Technology (Suzhou) Co., Ltd.	Director & Chairman	Lyra International Co., Limited Representative: Lawrence Kuo	0	0
	Director	Lyra International Co., Limited Representative: Magic Liu	0	0
	Director	Lyra International Co., Limited Representative: Jay Tseng	0	0
	Supervisor	Lyra International Co., Limited Representative: Pi-Fen Huang	0	0
	CEO	Tien Szu Hung	0	0
Meecca Technology (Suzhou) Co., Ltd.	Director & Chairman	Cygnus International Co., Limited Representative: Jeff Cheng	0	0
	Director	Cygnus International Co., Limited Representative: Magic Liu	0	0
	Director	Cygnus International Co., Limited Representative: Jay Tseng	0	0
	Supervisor	Cygnus International Co., Limited Representative: Pi-Fen Hung	0	0
	CEO	Tien Szu Hung	0	0

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	%
Catcher Technology (Suqian) Co., Ltd.	Director & Chairman	Uranus International Co., Ltd. Representative: Jay Tseng	0	0
	Director	Uranus International Co., Ltd. Representative: Lawrence Kuo	0	0
	Director	Uranus International Co., Ltd. Representative: Jodan Yang	0	0
	Supervisor	Uranus International Co., Ltd. Representative: Pi-Fen Huang	0	0
	CEO	Tien Szu Hung	0	0
VITO Technology (Suqian) Co., Ltd.	Director & Chairman	Uranus International Co., Ltd. Representative: Jay Tseng	0	0
	Director	Uranus International Co., Ltd. Representative: Magic Liu	0	0
	Director	Uranus International Co., Ltd. Representative: Jodan Yang	0	0
	Supervisor	Uranus International Co., Ltd. Representative: Pi-Fen Huang	0	0
	CEO	Tien Szu Hung	0	0
ENVIO Technology (Suqian) Co., Ltd.	Director & Chairman	Norma International Co., Limited Representative: Jay Tseng	0	0
	Director	Norma International Co., Limited Representative: Lawrence Kuo	0	0
	Director	Norma International Co., Limited Representative: Jeff Cheng	0	0
	Supervisor	Norma International Co., Limited Representative: Pi-Fen Huang	0	0
	CEO	Tien Szu Hung	0	0
TOPO Technology (Taizhou) Co., Ltd.	Director & Chairman	Lyra International Co., Ltd. Representative: Jodan Yang	0	0
	Director	Lyra International Co., Ltd. Representative: Magic Liu	0	0
	Director	Lyra International Co., Ltd. Representative: Jeff Cheng	0	0
	Supervisor	Lyra International Co., Ltd. Representative: Pi-Fen Huang	0	0
	CEO	Tien Szu Hung	0	0
MEECA Technology (Taizhou) Co., Ltd.	Director & Chairman	Lyra International Co., Ltd. Representative: Jodan Yang	0	0
	Director	Lyra International Co., Ltd. Representative: Magic Liu	0	0
	Director	Lyra International Co., Ltd. Representative: Jeff Cheng	0	0
	Supervisor	Lyra International Co., Ltd. Representative: Pi-Fen Huang	0	0
	CEO	Tien Szu Hung	0	0
Aquila Technology (Suqian) Co., Ltd.	Director & Chairman	Cepheus International Co., Limited Representative: ANG KAH KWEE	—	—
	Director	Cepheus International Co., Limited Representative: Lawrence Kuo	—	—
	Director	Cepheus International Co., Limited Representative: Jeff Cheng	—	—
	Supervisor	Cepheus International Co., Limited Representative: Pi-Fen Huang	—	—
	CEO	Ang Kah Kwee	—	—
Arcadia Technology (Suqian) Co., Ltd.	Director & Chairman	Norma International Co., Limited Representative: Jay Tseng	—	—
	Director	Norma International Co., Limited Representative: Magic Liu	—	—
	Director	Norma International Co., Limited Representative: Jeff Cheng	—	—
	Supervisor	Norma International Co., Limited Representative: Pi-Fen Huang	—	—
	CEO	Ang Kah Kwee	—	—

Ke Yue Co., Ltd.	Director & Chairman	Catcher Technology Co., Ltd. Representative: Mei-Hsing Chen	11,290,000	100
	Director	Catcher Technology Co., Ltd. Representative: James Wu	11,290,000	100
	Director	Catcher Technology Co., Ltd. Representative: Shu-Huei, Huang	11,290,000	100
	Supervisor	Catcher Technology Co., Ltd. Representative: Ming-Yu-Teng	11,290,000	100
Yi Sheng Co., Ltd.	Director & Chairman	Catcher Technology Co., Ltd. Representative: Mei-Hsing Chen	3,070,000	100
	Director	Catcher Technology Co., Ltd. Representative: James Wu	3,070,000	100
	Director	Catcher Technology Co., Ltd. Representative: Shu-Huei, Huang	3,070,000	100
	Supervisor	Catcher Technology Co., Ltd. Representative: Ming-Yu-Teng	3,070,000	100
Yi De Co., Ltd.	Director & Chairman	Catcher Technology Co., Ltd. Representative: Mei-Hsing Chen	3,070,000	100
	Director	Catcher Technology Co., Ltd. Representative: James Wu	3,070,000	100
	Director	Catcher Technology Co., Ltd. Representative: Shu-Huei, Huang	3,070,000	100
	Supervisor	Catcher Technology Co., Ltd. Representative: Ming-Yu-Teng	3,070,000	100

F. Summarized Operation Results of Affiliated Enterprises

2019/12/31; Unit: in thousand; NTD

Name of Corporation	Capital	Total Assets	Total Liabilities	Net Worth (Shareholders' Equity)	Operating Revenues	Operating Income (Loss)	Net Income (Loss)	Earnings Per Share after Tax(\$)
							(After Tax)	
Nanomag International Co.,Ltd.	1	120,631,704	1,058,126	119,573,577	-	-674	6,051,601	201,720,033.33
Gigamag Co.,Ltd.	484,941	30,727,646	1,368,756	29,358,890	2,143,887	2,122,008	3,326,938	231.40
Castmate International Co.,Ltd.	30,268	3,483,242	-	3,483,242	-	-102	-59,167	-58.60
Cygnus International Co., Limited	299,958	6,178,910	2,998,061	3,180,849	-	-109	-68,452	-6.84
Stella International Co.,Ltd.	9,955,733	22,451,231	-	22,451,231	-	-	-1,128,426	-3.40
Lyra International Co., Limited	9,954,961	22,026,714	63	22,026,652	-	-131	-1,138,563	-3.43
Uranus International Co., Limited	11,962,301	42,678,143	57	42,678,086	-	-164	5,088,177	12.75
Norma International Co., Limited	8,980,020	11,781,015	55	11,780,961	-	-56	-1,656,468	-5.53
Aquila International Co.,Ltd.	44,771	503,176	-	503,176	-	-158	102,784	73.42
Cepheus International Co., Limited	41,972	502,297	55	502,243	-	-103	102,914	73.51
Neat Co., Ltd.	300	259	-	259	-	-49	-43	-4.30
Next Level Co., Ltd.	300	22,319,475	22,250,791	68,683	46,596,422	-	70,269	7,026.90
可耀股份有限公司	1,129,000	1,137,762	499	1,137,264	-	-23	8,264	0.73
益盛股份有限公司	298,000	300,400	169	300,231	-	-22	2,231	0.73
益德股份有限公司	298,000	300,401	169	300,231	-	-22	2,230	0.73
Meeca Technology (Suzhou) Co., Ltd.	299,800	2,056,594	81,823	1,974,771	343,060	-59,373	-159,204	Note

Topo Technology (Suzhou) Co., Ltd.	300,100	1,904,190	35,265	1,868,924	16,140	947	-59,247	Note
Topo Technology (Taizhou) Co., Ltd.	5,544,033	26,567,082	17,740,213	8,826,869	24,571,123	136,600	169,549	Note
Meeca Technology (Taizhou) Co., Ltd.	5,737,793	20,219,827	13,589,183	6,630,643	12,161,538	-60,046	262,763	Note
Catcher Technology (Suqian) Co., Ltd.	5,996,000	27,136,976	4,282,703	22,854,273	19,544,104	6,743,565	5,436,644	Note
VITO Technology (Suqian) Co., Ltd.	5,725,885	17,334,793	7,790,242	9,544,552	12,261,799	913,235	1,633,493	Note
Arcadia Technology (Suqian) Co., Ltd.	5,873,880	9,752,743	5,746,493	4,006,250	4,720,898	-3,635,292	-2,407,708	Note
Aquilia Technology (Suqian) Co., Ltd.	41,972	616,769	115,439	501,330	504,025	136,304	102,991	Note
Envio Technology (Suqian) Co., Ltd.	2,940,922	5,303,864	1,524,774	3,779,090	5,347,535	1,182,285	1,194,482	Note

(2) Consolidated Financial Statements Covering Affiliated Enterprises

Letter of Representation

The Companies represented in the consolidated financial statements of “Catcher Technology Co., Ltd. and its Affiliated Enterprises” for the year ended December 31, 2019 made in accordance with “The Rules Governing Preparation of Affiliated Enterprises Consolidated Operating Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report” are the identical companies represented in the consolidated financial statements of Catcher Technology Co., Ltd. and Subsidiaries made in accordance with International Accounting Standards No. 10. The disclosures to the consolidated financial statements of affiliated enterprises are fully presented in the consolidated financial statements of “Catcher Technology Co., Ltd. and Subsidiaries”. Accordingly, we will not present separately consolidated financial statements of affiliated enterprises”.

Catcher Technology Co., Ltd.

Chairman: Shui-Shu Hung

2020/03/10

(3) Report on Affiliations:

None.

2. Issuance of Private Placement Securities

None.

3. Acquisition or Disposal of Catcher’s Shares by Subsidiaries

None.

4. Other Necessary Supplements

None.

Nine 、Disclosures of Events which may Have a Significant Influence on Stockholders Equity or Share Price, in Compliance with Item 2, Paragraph 2 In Article 35 of the Securities and Exchange Law of the R.O.C.

None.

**Appendix 1 、 Consolidated Financial Statements audited by accountant
during the most recent fiscal year**

Catcher Technology Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CATCHER TECHNOLOGY CO., LTD.

By

SHUI-SHU HONG

Chairman

March 10, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Catcher Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Catcher Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC), the Republic of China (ROC).

Basis for Opinion

We conducted our audit of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the consolidated financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the

consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2019 is as follows:

As stated in Notes 4(f), 5(a) and 11 to the accompanying consolidated financial statements, as of December 31, 2019, the Group's net inventory amounted to NT\$14,163,693 thousand (net of obsolescence loss of NT\$1,797,048 thousand). Such inventory loss represents approximately 11% of the total inventory. The Group operates in a fast-changing industry whereby developments in product technology and market demand may result in slow moving or obsolete inventory. Because the evaluation of inventory impairment and obsolescence loss involves management's material estimations, we deemed such valuation to be a key audit matter.

The main audit procedures that we performed in regard of this key audit matter include:

- We determined the appropriateness of the Group's methodology for the evaluation of inventory impairment and obsolescence loss based on our understanding of the business and industry, coupled with our understanding of the nature and aging of the inventory.
- We obtained the valuation report of the net realizable value of the inventory and assessed the reasonableness of the inventory valuation by sample-selecting inventory items and comparing their carrying amounts to the latest sales prices.

Other Matter

We did not audit the financial statements for the year ended December 31, 2018 of one associate, Sinher Technology Co., Ltd. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts for this associate, was based solely on the report of other auditors. The amount of the equity method investment in the abovementioned associate was NT\$0 thousand, or 0% of the Group's consolidated total assets as of December 31, 2018. The Group's share of the comprehensive income recognized under the equity method was NT\$30,638 thousand, or 0.11% of the Group's consolidated comprehensive income, for the year ended December 31, 2018.

We have also audited the parent company only financial statements of Catcher Technology Co., Ltd. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unqualified opinion report and an unqualified opinion modified report, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chi Chen Lee and Chun Chi Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 10, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 69,017,246	28	\$ 29,304,500	11
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	324,380	-	341,864	-
Financial assets at amortized cost - current (Notes 4 and 9)	82,549,645	34	113,057,073	44
Notes receivable (Notes 4 and 10)	-	-	33	-
Trade receivables (Notes 4 and 10)	23,603,964	10	25,023,569	10
Other receivables (Note 4 and 10)	656,973	-	740,196	-
Current tax assets (Note 4 and 27)	23,503	-	-	-
Inventories (Notes 4, 5 and 11)	14,163,693	6	25,184,994	10
Prepayments for leases (Note 18)	-	-	44,660	-
Other current assets (Note 19)	1,505,128	1	2,808,349	1
Total current assets	191,844,532	79	196,505,238	76
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	543,130	-	294,235	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	994	-	874	-
Investments accounted for using the equity method (Notes 4 and 13)	12,295	-	-	-
Property, plant and equipment (Notes 4 and 14)	41,296,514	17	50,264,399	20
Right-of-use assets (Note 4, 5 and 15)	1,986,704	1	-	-
Investment properties (Notes 4 and 16)	535,848	-	592,731	-
Intangible assets (Notes 4 and 17)	101,455	-	125,689	-
Deferred tax assets (Notes 4 and 27)	6,433,654	3	6,160,943	2
Long-term prepayments for leases (Note 18)	-	-	1,900,151	1
Other non-current assets (Note 19)	359,147	-	1,315,653	1
Total non-current assets	51,269,741	21	60,654,675	24
TOTAL	\$ 243,114,273	100	\$ 257,159,913	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 20)	\$ 70,352,230	29	\$ 73,633,259	29
Contract liabilities - current (Notes 4 and 25)	25,614	-	35,176	-
Notes payable (Note 21)	23,824	-	29,271	-
Trade payables (Note 21)	11,200,215	5	14,165,288	5
Other payables (Note 22)	8,814,643	4	9,896,239	4
Current tax liabilities (Notes 4 and 27)	1,446,742	-	3,925,637	1
Lease liabilities - current (Note 4, 5 and 15)	29,596	-	-	-
Other current liabilities (Note 22)	1,378,140	-	2,305,614	1
Total current liabilities	93,271,004	38	103,990,484	40
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4, 5 and 27)	1,097,275	1	36,897	-
Lease liabilities - non-current (Note 4, 5 and 15)	131,173	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 23)	6,558	-	6,552	-
Other non-current liabilities (Note 22)	19,756	-	1,801,665	1
Total non-current liabilities	1,254,762	1	1,845,114	1
Total liabilities	94,525,766	39	105,835,598	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital - ordinary shares	7,703,911	3	7,703,911	3
Capital surplus	20,237,791	8	20,238,740	8
Retained earnings				
Legal reserve	18,404,919	8	15,607,700	6
Special reserve	7,410,317	3	6,207,055	3
Unappropriated earnings	106,894,281	44	108,872,223	42
Total retained earnings	132,709,517	55	130,686,978	51
Other equity	(12,188,506)	(5)	(7,410,316)	(3)
Total equity attributable to owners of the Company	148,462,713	61	151,219,313	59
NON-CONTROLLING INTERESTS	125,794	-	105,002	-
Total equity	148,588,507	61	151,324,315	59
TOTAL	\$ 243,114,273	100	\$ 257,159,913	100

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

(With Deloitte & Touche auditors' report dated March 10, 2020)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 25)	\$91,628,115	100	\$95,416,141	100
OPERATING COSTS (Notes 11, 23 and 26)	<u>69,361,220</u>	<u>76</u>	<u>56,791,945</u>	<u>60</u>
GROSS PROFIT	<u>22,266,895</u>	<u>24</u>	<u>38,624,196</u>	<u>40</u>
OPERATING EXPENSES (Notes 23 and 26)				
Selling and marketing expenses	663,740	1	582,933	-
General and administrative expenses	5,074,656	5	6,418,008	7
Research and development expenses	<u>2,419,351</u>	<u>3</u>	<u>2,018,893</u>	<u>2</u>
Total operating expenses	<u>8,157,747</u>	<u>9</u>	<u>9,019,834</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>14,109,148</u>	<u>15</u>	<u>29,604,362</u>	<u>31</u>
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Interest income	4,152,640	5	2,883,113	3
Other income	3,366,833	4	4,416,882	5
Foreign exchange gains (losses), net	(763,882)	(1)	4,690,138	5
Other gains	88,016	-	176,122	-
Interest expenses	(959,764)	(1)	(470,027)	(1)
Share of profit (loss) of associates	<u>(9,730)</u>	<u>-</u>	<u>18,546</u>	<u>-</u>
Total non-operating income and expenses	<u>5,874,113</u>	<u>7</u>	<u>11,714,774</u>	<u>12</u>
PROFIT BEFORE INCOME TAX	19,983,261	22	41,319,136	43
INCOME TAX EXPENSE (Notes 4 and 27)	<u>8,685,441</u>	<u>10</u>	<u>13,324,283</u>	<u>14</u>
NET PROFIT	<u>11,297,820</u>	<u>12</u>	<u>27,994,853</u>	<u>29</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 24)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(31,338)	-	668,323	1
Share of the other comprehensive income of associates accounted for using the equity method	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>
	<u>(31,338)</u>	<u>-</u>	<u>668,328</u>	<u>1</u>

(Continued)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ (4,751,756)	(5)	\$ (1,199,766)	(1)
Share of the other comprehensive income of associates accounted for using the equity method	<u>-</u>	<u>-</u>	<u>3,129</u>	<u>-</u>
	<u>(4,751,756)</u>	<u>(5)</u>	<u>(1,196,637)</u>	<u>(1)</u>
Other comprehensive loss for the year, net of income tax	<u>(4,783,094)</u>	<u>(5)</u>	<u>(528,309)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,514,726</u>	<u>7</u>	<u>\$27,466,544</u>	<u>29</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 11,272,124	12	\$27,972,188	29
Non-controlling interests	<u>25,696</u>	<u>-</u>	<u>22,665</u>	<u>-</u>
	<u>\$11,297,820</u>	<u>12</u>	<u>\$27,994,853</u>	<u>29</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 6,493,934	7	\$27,445,775	29
Non-controlling interests	<u>20,792</u>	<u>-</u>	<u>20,769</u>	<u>-</u>
	<u>\$ 6,514,726</u>	<u>7</u>	<u>\$27,466,544</u>	<u>29</u>
EARNINGS PER SHARE (Note 28)				
Basic	<u>\$ 14.63</u>		<u>\$ 36.31</u>	
Diluted	<u>\$ 14.53</u>		<u>\$ 35.87</u>	

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

(With Deloitte & Touche auditors' report dated March 10, 2020)

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Retained Earnings					Other Equity		Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2018	\$ 7,703,911	\$ 20,270,956	\$ 13,423,375	\$ 2,487,529	\$ 95,371,730	\$ (6,207,055)	\$ -	\$ 133,050,446	\$ 84,233	\$ 133,134,679
Appropriation of the 2017 earnings (Note 24)										
Legal reserve	-	-	2,184,325	-	(2,184,325)	-	-	-	-	-
Special reserve	-	-	-	3,719,526	(3,719,526)	-	-	-	-	-
Cash dividends distributed by the Company - 120%	-	-	-	-	(9,244,692)	-	-	(9,244,692)	-	(9,244,692)
Changes in capital surplus from donations from shareholders	-	305	-	-	-	-	-	305	-	305
Changes in capital surplus from investments in associates accounted for using the equity method	-	995	-	-	-	-	-	995	-	995
Net profit for the year ended December 31, 2018	-	-	-	-	27,972,188	-	-	27,972,188	22,665	27,994,853
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	5	(1,194,741)	668,323	(526,413)	(1,896)	(528,309)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	27,972,193	(1,194,741)	668,323	27,445,775	20,769	27,466,544
Disposals of investments accounted for using the equity method (Note 13)	-	(33,516)	-	-	-	-	-	(33,516)	-	(33,516)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Note 8)	-	-	-	-	676,843	-	(676,843)	-	-	-
BALANCE AT DECEMBER 31, 2018	7,703,911	20,238,740	15,607,700	6,207,055	108,872,223	(7,401,796)	(8,520)	151,219,313	105,002	151,324,315
Appropriation of the 2018 earnings (Note 24)										
Legal reserve	-	-	2,797,219	-	(2,797,219)	-	-	-	-	-
Special reserve	-	-	-	1,203,262	(1,203,262)	-	-	-	-	-
Cash dividends distributed by the Company - 120%	-	-	-	-	(9,244,692)	-	-	(9,244,692)	-	(9,244,692)
Changes in capital surplus from donations from shareholders	-	473	-	-	-	-	-	473	-	473
Net profit for the year ended December 31, 2019	-	-	-	-	11,272,124	-	-	11,272,124	25,696	11,297,820
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(4,746,852)	(31,338)	(4,778,190)	(4,904)	(4,783,094)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,272,124	(4,746,852)	(31,338)	6,493,934	20,792	6,514,726
Subscription for additional new shares of the investee at a percentage different from its existing ownership percentage	-	(1,422)	-	-	(4,893)	-	-	(6,315)	-	(6,315)
BALANCE AT DECEMBER 31, 2019	\$ 7,703,911	\$ 20,237,791	\$ 18,404,919	\$ 7,410,317	\$ 106,894,281	\$ (12,148,648)	\$ (39,858)	\$ 148,462,713	\$ 125,794	\$ 148,588,507

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

(With Deloitte & Touche auditors' report dated March 10, 2020)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 19,983,261	\$ 41,319,136
Adjustments for:		
Depreciation expenses	12,053,048	12,208,183
Amortization expenses	68,396	34,716
Loss on financial instruments at fair value through profit or loss	17,484	29,039
Amortization of prepayments for leases	-	45,297
Interest expenses	959,764	470,027
Interest income	(4,152,640)	(2,883,113)
Dividend income	(26,040)	-
Share of (profit) loss of associates	9,730	(18,546)
Gain on disposals of property, plant and equipment	(22,509)	(2,704)
Gain on disposals of investments	-	(127,279)
Write-down of inventories	196,722	-
Unrealized (gain) loss on foreign currency exchange	548,698	(538,911)
Changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	-	45,110
Notes receivable	33	(33)
Trade receivables	1,028,491	6,854,960
Other receivables	(63,445)	26,148
Inventories	10,430,264	(16,251,281)
Other current assets	1,297,725	42,352
Contract liabilities	(9,562)	(210,258)
Notes payable	(5,447)	(144,115)
Trade payables	(2,542,352)	2,558,431
Other payables	(834,482)	719,375
Other current liabilities	(836,224)	(654,070)
Net defined benefit liabilities	6	1
Other non-current liabilities	(1,777,304)	(1,534,240)
Cash generated from operations	36,323,617	41,988,225
Dividends received	26,040	24,741
Income tax paid	(10,547,545)	(15,083,821)
Net cash generated from operating activities	<u>25,802,112</u>	<u>26,929,145</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(296,894)	(1,792,337)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	2,224,925
Purchase of financial assets at amortized cost	(410,985,912)	(402,726,162)
Proceeds from disposals of financial assets at amortized cost	439,668,711	380,559,211
Acquisitions of associates	(28,340)	(3,660)
Net cash inflow on disposal of associates	-	219,003
Acquisitions of property, plant and equipment	(4,030,137)	(10,987,989)

(Continued)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Proceeds from disposals of property, plant and equipment	\$ 41,870	\$ 40,422
Increase in refundable deposits	(747)	(2,712)
Decrease in refundable deposits	14,714	2,913
Acquisitions of other intangible assets	(41,828)	(77,451)
Acquisitions of investment properties	(930)	(297)
Interest received	<u>4,310,300</u>	<u>2,572,035</u>
Net cash generated from (used in) investing activities	<u>28,650,807</u>	<u>(29,972,099)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	305,849,194	252,847,809
Repayments of short-term borrowings	(308,953,649)	(227,077,205)
Proceeds from guarantee deposits received	10,408	92,338
Refunds of guarantee deposits received	(104,778)	(158,589)
Cash dividends paid	(9,244,692)	(9,244,692)
Repayment of the principal portion of lease liabilities	(12,413)	-
Interest paid	<u>(921,228)</u>	<u>(452,251)</u>
Net cash generated from (used in) financing activities	<u>(13,377,158)</u>	<u>16,007,410</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(1,363,015)</u>	<u>(676,720)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	39,712,746	12,287,736
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>29,304,500</u>	<u>17,016,764</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$69,017,246</u>	<u>\$29,304,500</u>

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

(With Deloitte & Touche auditors' report dated March 10, 2020)

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Catcher Technology Co., Ltd. (the “Company”) was incorporated in November 1984 under the laws of the Republic of China (ROC). The Company mainly manufactures and sells aluminum and magnesium extrusion and stamping products and molds. It also provides leasing services.

The Company’s shares were listed and traded on the Taipei Exchange (formerly called the GreTai Securities Market) from November 1999 until September 2001, when the Company listed its shares on the Taiwan Stock Exchange (TWSE) under stock number “2474” and ceased listing and trading on the Taipei Exchange.

The Company increased its capital by listing its shares in the form of Global Depositary Receipts (GDRs) on the Luxembourg Stock Exchange (Euro MTF) in June 2011.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the Group, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were published after being approved by the Company’s board of directors on March 10, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

1) IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal and interest portion of lease liabilities are classified within financing activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. Except for the following practical expedient (b) which is applied, the Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group adjusts the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized on December 31, 2018, instead of assessing the impairment under IAS 36.
- c) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- d) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- e) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.08%. The difference between the lease liabilities recognized and the future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	<u>\$ 107,041</u>
Undiscounted amounts on January 1, 2019	<u>\$ 107,041</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	<u>\$ 98,669</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 98,669</u>

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Adjusted on January 1, 2019
Prepayments for leases - current	\$ 44,660	\$ (44,660)	\$ -
Prepayments for leases - non-current	1,900,151	(1,900,151)	-
Other current assets	682	(682)	-
Right-of-use assets	<u>-</u>	<u>2,044,162</u>	<u>2,044,162</u>
Total effect on assets	<u>\$ 1,945,493</u>	<u>\$ 98,669</u>	<u>\$ 2,044,162</u>
Lease liabilities - current	\$ -	\$ 10,281	\$ 10,281
Lease liabilities - non-current	<u>-</u>	<u>88,388</u>	<u>88,388</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 98,669</u>	<u>\$ 98,669</u>

2) Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group applied the above amendments prospectively.

b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IAS 1 and IAS 8 “Definition of material”

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Note: Unless stated otherwise, the IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified

conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for assets or liabilities.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, assets and liabilities of a foreign operation (including subsidiaries in other countries that use currencies which are different from the currency of the Group) are translated into the New Taiwan dollar at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, supplies, merchandise, finished goods, semi-finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

g. Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a Group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and / or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of tangible and intangible assets and assets related to contract costs

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment

loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, investments in debt instruments, accounts receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables) at the end of each reporting period.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of metal casing. Sales of metal casing product are recognized as revenue when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, which is determined for export sales on the bases of the terms of the trade and for domestic sales on the bases of the acceptance date of the counterparty. Accounts receivable are recognized concurrently. Advance receipts are recognized as contract liabilities before the conditions of trade of the products are reached.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

n. Leases

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be

readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

2) The Group as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

3) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax on 10% of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current years' tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty

a. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The

estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Income taxes

As of December 31, 2019 and 2018, for the purpose of expanding the Group's scale of operation continuously and supporting operating fund needs of overseas reinvestment company, the Company's management resolved that the unappropriated retained earnings of overseas subsidiaries as of December 31, 2019 will be used for permanent investment; this was approved by the board of directors on March 10, 2020. Therefore, no deferred tax liabilities were recognized on the subsidiaries' unappropriated earnings. If the retained earnings of overseas subsidiaries will be appropriated in the future, a material recognition of deferred tax liabilities may arise, which would be recognized in profit or loss for the period in which such appropriation takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	\$ 5,153	\$ 4,282
Deposits in banks	23,233,337	1,825,853
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	45,228,298	26,929,355
Repurchase agreements	<u>550,458</u>	<u>545,010</u>
	<u>\$ 69,017,246</u>	<u>\$ 29,304,500</u>

The range of interest rates of time deposits and repurchase agreements was as follows:

	December 31	
	2019	2018
Time deposits	0.6%-2.55%	0.6%-4.12%
Repurchase agreements	2.8%-2.9%	3.15%-3.4%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic quoted shares	<u>\$ 324,380</u>	<u>\$ 341,864</u>

In 2017, the Group holds 9.998% of the ordinary shares of Sinher Technology Co., Ltd., and accounted for the investment under the equity method. However, the term of the director has expired in June 2018. The Group was not able to exercise significant influences over Sinher Technology Co., Ltd. The Group holds the remaining interest as financial assets at fair value through profit or loss (refer to Note 13).

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	December 31	
	2019	2018
<u>Non-current</u>		
Domestic investments		
Unlisted shares		
Ordinary shares - Alpha Information Systems, Inc.	\$ 57,075	\$ 35,580
Ordinary shares - CDIB Capital Innovation Accelerator Co., Ltd.	32,220	29,400
Foreign investments		
Limited partnerships - China Renewable Energy Fund, L.P.	<u>453,835</u>	<u>229,255</u>
	<u><u>\$ 543,130</u></u>	<u><u>\$ 294,235</u></u>

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group invested US\$7,464, US\$7,059 thousand and US\$2,472 thousand in China Renewable Energy Fund, L.P. in November 2018, June 2019 and September 2019, and the fund share ratio is 23.51%. The Group's representative is one of the five members in the Operation Committee. The Group's management considered that it has no significant influence and classified the investment as financial assets at fair value through other comprehensive income - non-current.

In March 2018, the Group invested NT\$ 1,720,070 thousand in the common shares of Career Technology Co., Ltd. as part of its business and investment strategy; the equity investment was measured as financial assets at fair value through other comprehensive income. In 2018, the Group adjusted its investment position to diversify risks, and sold ordinary shares of Career Technology Co., Ltd. at fair value of NT\$2,224,925 thousand and the related unrealized gain on financial assets at fair value through other comprehensive income of NT\$676,843 thousand was transferred to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
<u>Current</u>		
Domestic investments		
Time deposits with original maturity of more than 3 months	\$ 82,538,895	\$ 112,963,356
Repurchase agreements	-	68,461
Refundable deposits	<u>10,750</u>	<u>25,256</u>
	<u><u>\$ 82,549,645</u></u>	<u><u>\$ 113,057,073</u></u>

(Continued)

	December 31	
	2019	2018
<u>Non-current</u>		
Domestic investments		
Refundable deposits	<u>\$ 994</u>	<u>\$ 874</u>
		(Concluded)

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.66%~2.8% and 0.64%~3.28% per annum as of December 31, 2019 and 2018, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	2018
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	<u>\$ -</u>	<u>\$ 33</u>
Notes receivable - operating	<u>\$ -</u>	<u>\$ 33</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 23,661,147	\$ 25,080,753
Less: Allowance for impairment loss	<u>(57,183)</u>	<u>(57,184)</u>
	<u>\$ 23,603,964</u>	<u>\$ 25,023,569</u>
Other receivables	<u>\$ 656,973</u>	<u>\$ 740,196</u>

a. Notes receivable

The Group analyzed the notes receivable that were not past due based on the past due status, and the Group did not recognize an allowance for loss on notes receivable as of December 31, 2019 and 2018.

b. Trade receivables

The average credit period of sales of goods was 30 to 180 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2019

	Not Past Due	Less than 60 Days	61 to 120 Days	Over 180 Days	Total
Expected credit loss rate	0%~0.245%	0%~1.997%	0%~9.667%	100%	
Gross carrying amount	\$23,342,449	\$ 318,617	\$ 9	\$ 72	\$23,661,147
Loss allowance (Lifetime ECLs)	(57,100)	(11)	-	(72)	(57,183)
Amortized cost	<u>\$23,285,349</u>	<u>\$ 318,606</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$23,603,964</u>

December 31, 2018

	Not Past Due	Less than 60 Days	61 to 120 Days	Total
Expected credit loss rate	0%~0.235%	0%~0.13%	0.195%~5.47%	
Gross carrying amount	\$ 24,264,946	\$ 815,600	\$ 207	\$ 25,080,753
Loss allowance (Lifetime ECLs)	(57,136)	(48)	-	(57,184)
Amortized cost	<u>\$ 24,207,810</u>	<u>\$ 815,552</u>	<u>\$ 207</u>	<u>\$ 25,023,569</u>

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 57,184	\$ 57,644
Foreign exchange gains and losses	(1)	(460)
Balance at December 31	<u>\$ 57,183</u>	<u>\$ 57,184</u>

c. Other receivables

The Group analyzed other receivables that were not past due based on the past due status, and the Group did not recognize an allowance for loss on other receivables as of December 31, 2019 and 2018.

11. INVENTORIES

	December 31	
	2019	2018
Merchandise	\$ 18,255	\$ 1,955
Finished goods	7,779,374	11,690,967
Work-in-process and semi-finished goods	5,143,037	10,979,503
Raw materials and supplies	<u>1,223,027</u>	<u>2,512,569</u>
	<u>\$ 14,163,693</u>	<u>\$ 25,184,994</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was NT\$ 69,335,914 thousand and NT\$56,787,360 thousand, respectively.

The cost of goods sold for the year ended December 31, 2019 included inventory write-downs of NT\$196,722 thousand.

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2019	2018	
Catcher Technology Co., Ltd.	Nanomag International Co., Ltd.	Investing activities	100	100	
	Gigamag Co., Ltd.	Investing activities	100	100	
	Ke Yue Co., Ltd.	Investing activities	100	100	
	Yi Sheng Co., Ltd.	Investing activities	100	100	
	Yi De Co., Ltd.	Investing activities	100	100	
Nanomag International Co., Ltd.	Castmate International Co., Ltd.	Investing activities	100	100	
	Stella International Co., Ltd.	Investing activities	100	100	
	Uranus International Co., Ltd.	Investing activities	100	100	
	Aquila International Co., Ltd.	Investing activities	75	75	
	Norma International Co, Ltd.	Investing activities	100	100	
	Next Level Ltd.	Investing activities	100	-	Note
	Castmate International Co., Ltd.	Cygnus International Co., Ltd.	Investing activities	100	
Cygnus International Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
Stella International Co., Ltd.	Lyra International Co., Ltd.	Investing activities	100	100	
Lyra International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
	Topo Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
	Meeca Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
	Uranus International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100
	Vito Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	

(Continued)

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2019	2018	
Aquila International Co., Ltd.	Cepheus International Co., Ltd.	Investing activities	100	100	
Cepheus International Co., Ltd.	Aquila Technology (Suqian) Co., Ltd.	Manufacturing and selling molds and electronic parts	100	100	
Norma International Co. Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
	Envio Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
Gigamag Co., Ltd.	Neat Co., Ltd.	International trade	100	100	(Concluded)

Note: Nanomag International Co., Ltd. incorporated its 100% owned subsidiaries Next Level Ltd. in January 2019.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in associates		
Associates that are not individually material	\$ <u>12,295</u>	\$ <u>-</u>

Aggregate information of associates that are not individually material was as follows:

	For the Year Ended December 31	
	2019	2018
The Group's share of:		
Net profit	\$ (9,730)	\$ 18,546
Other comprehensive income (loss)	<u>-</u>	<u>3,134</u>
Total comprehensive income for the year	\$ <u>(9,730)</u>	\$ <u>21,680</u>

In 2017, the Group held 7.3% of interests in Epileds Technology Inc., which was accounted for as investment in associate. In March 2018, the Group sold all of its interest in Epileds Technology Inc. to a third party for proceeds of NT\$177,201 thousand and lost its seat in the board of directors; thus, the Group ceased to have significant influence. The gain on the transaction recognized in profit or loss was calculated as follows:

Proceeds of disposal	\$ 177,201
Plus: Reversing capital surplus	2,815
Less: Carrying amount of investment on the date of loss of significant influence	151,258
Less: Share of other comprehensive income of the associate	<u>30</u>
Gain recognized	\$ <u>28,728</u>

In 2018, the Group disposed of its shares in Sinher Technology Co., Ltd. Capital surplus as of December 31, 2018 decreased by NT\$ 2,812 thousand and the recognized gain on the disposal of investments for the years then ended was NT\$8,489 thousand.

The Group held 9.998% of equity interest of Sinher Technology Co., Ltd. that was originally accounted for by using the equity method in 2017. The term of the director appointed by the Group expired in June 2018; thus, the Group was not able to exercise significant influence. The Group reclassified the remaining equity interest at fair value of NT\$416,012 thousand as financial assets at fair value through profit or loss. The gain on the transaction recognized in profit or loss was calculated as follows:

The remaining investment at fair value	\$ 416,012
Plus: Reversing capital surplus	27,889
Less: Carrying amount of investment on the date of loss of significant influence	352,409
Less: Share of other comprehensive income of the associate	<u>1,430</u>
Gain recognized	<u>\$ 90,062</u>

The share of net income and other comprehensive income from associates under equity method was accounted for based on the audited financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are used by the Group.

See Table 10 for the statements of changes in property, plant and equipment for the years ended December 31, 2019 and 2018.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20 - 50 years
Mechanical and electrical power equipment	5 years
Engineering systems	2 - 5 years
Machinery and equipment	2 - 10 years
Transportation equipment	5 years
Furniture and fixtures	2 - 5 years
Miscellaneous equipment	2 - 15 years
Leasehold improvements	3 - 5 years

All of the Group's property, plant and equipment were not pledged as collateral.

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Land	\$ 1,973,105
Buildings	<u>13,599</u>
	<u>\$ 1,986,704</u>

**For the Year
Ended
December 31,
2019**

Depreciation charge for right-of-use assets	
Land	\$ 47,749
Buildings	<u>8,799</u>
	<u>\$ 56,548</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (2,176)</u>

The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.

b. Lease liabilities - 2019

**December 31,
2019**

Carrying amounts

Current	\$ 29,596
Non-current	<u>\$ 131,173</u>

Range of discount rate for lease liabilities was as follows:

**December 31,
2019**

Land	0.71%
Buildings	0.71% and 4.9%

c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of plants and office spaces with lease terms of 3 to 50 years.

The lease contract for land located in Taiwan specifies that lease payments will be adjusted every year on the basis of changes in the announced land value prices. The lease contract for land located in China specifies that lease payments will be adjusted every year based on the lease contract. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Subleases

Sublease of right-of-use assets - 2019

The Group subleases its right-of-use assets for office spaces in Taipei under operating leases with a lease term of 1 year to associate Yue-Kang Health Control Technology Inc.

The maturity analysis of lease payments receivable under operating subleases was as follows:

	December 31, 2019
Year 1	\$ <u>1,673</u>

Sublease of lease arrangements under operating leases - 2018

The total future minimum sublease payment expected to be received under non-cancellable subleases on December 31, 2018 is \$1,624 thousand.

e. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Notes 16.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	\$ <u>14,470</u>
Expenses relating to low-value asset leases	\$ <u>1,908</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>87,310</u>
Total cash outflow for leases	\$ <u>(122,173)</u>

The Group leases certain assets which qualify as short-term leases and certain assets which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31, 2019
Lease commitments	\$ <u>176,807</u>

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	\$ 11,144
Later than 1 year and not later than 5 years	32,703
Later than 5 years	<u>63,194</u>
	<u>\$ 107,041</u>

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2018	\$ 203,363	\$ 158,188	\$ 361,551
Additions	-	297	297
Transferred from property, plant and equipment	-	787,023	787,023
Effect of foreign currency exchange difference	-	(22,699)	(22,699)
	<u>203,363</u>	<u>922,809</u>	<u>1,126,172</u>
Balance at December 31, 2018	<u>\$ 203,363</u>	<u>\$ 922,809</u>	<u>\$ 1,126,172</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2018	\$ -	\$ 121,659	\$ 121,659
Depreciation	-	41,286	41,286
Transferred from property, plant and equipment	-	382,148	382,148
Effect of foreign currency exchange difference	-	(11,652)	(11,652)
	<u>-</u>	<u>533,441</u>	<u>533,441</u>
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 533,441</u>	<u>\$ 533,441</u>
Carrying amounts at December 31, 2018	<u>\$ 203,363</u>	<u>\$ 389,368</u>	<u>\$ 592,731</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 203,363	\$ 922,809	\$ 1,126,172
Additions	-	930	930
Effect of foreign currency exchange difference	-	(30,369)	(30,369)
	<u>203,363</u>	<u>893,370</u>	<u>1,096,733</u>
Balance at December 31, 2019	<u>\$ 203,363</u>	<u>\$ 893,370</u>	<u>\$ 1,096,733</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2019	\$ -	\$ 533,441	\$ 533,441
Depreciation	-	45,192	45,192
Effect of foreign currency exchange difference	-	(17,748)	(17,748)
	<u>-</u>	<u>560,885</u>	<u>560,885</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 560,885</u>	<u>\$ 560,885</u>
Carrying amounts at December 31, 2019	<u>\$ 203,363</u>	<u>\$ 332,485</u>	<u>\$ 535,848</u>

The investment properties were leased out from July, 2016 to June, 2023. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 was as follows:

	December 31, 2019
Year 1	\$ 54,165
Year 2	54,165
Year 3	50,565
Year 4	<u>5,403</u>
	<u><u>\$ 164,298</u></u>

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	\$ 65,283
Later than 1 year and not later than 5 years	<u>181,322</u>
	<u><u>\$ 246,605</u></u>

The investment properties are depreciated by the straight-line method over their estimated useful lives as follows:

Main buildings	20 - 35 years
Elevators	15 years
Heat radiation systems	5 years

The fair values of the Group's investment properties as of December 31, 2018 and 2017 were NT\$601,331 thousand and NT\$428,544 thousand, respectively. The fair value of Topo Suzhou's and Meeca Suzhou's investment properties as of December 31, 2018 was NT\$2,929,151 thousand. The fair values of the investment properties remained the same as of December 31, 2019 and 2018.

All of the Group's investment properties were not pledged as collateral.

17. INTANGIBLE ASSETS

	Computer Software	Emission License	Total
<u>Cost</u>			
Balance at January 1, 2018	\$ 253,116	\$ -	\$ 253,116
Additions	59,215	18,236	77,451
Effect of foreign currency exchange differences	(2,934)	(758)	(3,692)
	<hr/>	<hr/>	<hr/>
Balance at December 31, 2018	<u>\$ 309,397</u>	<u>\$ 17,478</u>	<u>\$ 326,875</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2018	\$ 171,416	\$ -	\$ 171,416
Amortization expense	29,110	2,664	31,774
Effect of foreign currency exchange differences	(1,962)	(42)	(2,004)
	<hr/>	<hr/>	<hr/>
Balance at December 31, 2018	<u>\$ 198,564</u>	<u>\$ 2,622</u>	<u>\$ 201,186</u>
Carrying amounts at December 31, 2018	<u>\$ 110,833</u>	<u>\$ 14,856</u>	<u>\$ 125,689</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 309,397	\$ 17,478	\$ 326,875
Additions	41,828	-	41,828
Effect of foreign currency exchange differences	(6,599)	(695)	(7,294)
	<hr/>	<hr/>	<hr/>
Balance at December 31, 2019	<u>\$ 344,626</u>	<u>\$ 16,783</u>	<u>\$ 361,409</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2019	\$ 198,564	\$ 2,622	\$ 201,186
Amortization expense	60,218	3,501	63,719
Effect of foreign currency exchange differences	(4,702)	(249)	(4,951)
	<hr/>	<hr/>	<hr/>
Balance at December 31, 2019	<u>\$ 254,080</u>	<u>\$ 5,874</u>	<u>\$ 259,954</u>
Carrying amounts at December 31, 2019	<u>\$ 90,546</u>	<u>\$ 10,909</u>	<u>\$ 101,455</u>

The above other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	2 - 10 years
Emission license	5 years

18. PREPAYMENTS FOR LEASES

	December 31, 2018
Current assets	\$ 44,660
Non-current assets	<u>1,900,151</u>
	<u>\$ 1,944,811</u>

In April 2000, the Company obtained the rights to use the land on which its buildings are situated under an agreement with Taiwan Sugar Corporation which will expire in 2050. As of December 31, 2018, prepaid lease payments include land use rights with carrying amounts of NT\$1,651 thousand.

Topo Suzhou and Meecca Suzhou obtained the rights to use the land on which their buildings stand under agreements with the Suzhou Industrial Park; Catcher Suqian, Vito Suqian, Arcadia Suqian, and Envio Suqian obtained the rights to use the land on which their buildings stand under agreements with the Suqian Industrial Park; and Topo Taizhou and Meecca Taizhou obtained the rights to use the land on which their buildings stand under agreements with the Bureau of Land Resources Taizhou. The agreements thereof will expire in succession before 2067. The rights were paid in the years that the agreements were signed. As of December 31, 2018, prepaid lease payments included the rights to use the land in mainland China with carrying amounts of NT\$1,943,160 thousand.

19. OTHER ASSETS

	December 31	
	2019	2018
<u>Current</u>		
VAT retained	\$ 950,398	\$ 2,028,637
Office supplies	324,869	506,316
Prepaid expenses	207,746	254,488
Prepayments to suppliers	17,458	4,642
Others	<u>4,657</u>	<u>14,266</u>
	<u>\$ 1,505,128</u>	<u>\$ 2,808,349</u>
<u>Non-current</u>		
Prepaid equipment	\$ 356,980	\$ 1,313,622
Others	<u>2,167</u>	<u>2,031</u>
	<u>\$ 359,147</u>	<u>\$ 1,315,653</u>

20. SHORT-TERM BORROWINGS

	December 31	
	2019	2018
<u>Unsecured borrowings</u>		
Bank unsecured loans	<u>\$ 70,352,230</u>	<u>\$ 73,633,259</u>

The range of interest rates of short-term borrowings was as follows:

	December 31	
	2019	2018
Bank unsecured loans	0.59%-3.92%	0.58%-4.785%

21. NOTES PAYABLE AND TRADE PAYABLES

Both notes payable and trade payables resulted from operating activities.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. OTHER LIABILITIES

	December 31	
	2019	2018
<u>Current</u>		
Other payables		
Payables for employees' compensation	\$ 3,271,750	\$ 3,647,543
Payables for salaries and bonuses	2,640,880	3,150,214
Payables for technical service fees	764,766	580,494
Payables for office supplies	257,128	268,419
Payables for purchases of equipment	229,869	511,474
Payables for utilities	182,908	142,087
Payables for maintenance	182,407	263,649
Payables for taxes	174,130	174,738
Payables for annual leave	141,763	147,679
Payables for meals	133,621	150,518
Payables for rework cost	90,364	110,814
Payables for interest	72,862	33,221
Payables for shipping expenses and warehousing	57,714	78,787
Others	614,481	636,602
	<u>\$ 8,814,643</u>	<u>\$ 9,896,239</u>
Other liabilities		
Deferred revenue	\$ 1,256,706	\$ 1,640,515
Payables for value-added tax	51,006	3,144
Guarantee deposits received	27,125	118,375
Others	43,303	543,580
	<u>\$ 1,378,140</u>	<u>\$ 2,305,614</u>

(Continued)

	December 31	
	2019	2018
<u>Non-current</u>		
Other liabilities		
Guarantee deposits received	\$ 19,736	\$ 24,341
Deferred revenue	-	1,777,224
Others	<u>20</u>	<u>100</u>
	<u>\$ 19,756</u>	<u>\$ 1,801,665</u>
		(Concluded)

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in China are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Law is operated by the ROC government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2019	2018
Present value of defined benefit obligation	\$ 78,352	\$ 74,967
Fair value of plan assets	<u>(71,794)</u>	<u>(68,415)</u>
Net defined benefit liabilities	<u>\$ 6,558</u>	<u>\$ 6,552</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2018	<u>\$ 70,851</u>	<u>\$ (64,300)</u>	<u>\$ 6,551</u>
Service cost			
Current service cost	1,894	-	1,894
Net interest expense (income)	<u>885</u>	<u>(814)</u>	<u>71</u>
Recognized in profit or loss	<u>2,779</u>	<u>(814)</u>	<u>1,965</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,797)	(1,797)
Actuarial loss - changes in demographic assumptions	209	-	209
Actuarial loss - changes in financial assumptions	1,046	-	1,046
Actuarial loss - experience adjustments	<u>542</u>	<u>-</u>	<u>542</u>
Recognized in other comprehensive income	<u>1,797</u>	<u>(1,797)</u>	<u>-</u>
Contributions from the employer	-	(1,964)	(1,964)
Benefits paid	<u>(460)</u>	<u>460</u>	<u>-</u>
Balance at December 31, 2018	<u>74,967</u>	<u>(68,415)</u>	<u>6,552</u>
Service cost			
Current service cost	1,967	-	1,967
Net interest expense (income)	<u>843</u>	<u>(781)</u>	<u>62</u>
Recognized in profit or loss	<u>2,810</u>	<u>(781)</u>	<u>2,029</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,284)	(2,284)
Actuarial loss - changes in demographic assumptions	840	-	840
Actuarial loss - changes in financial assumptions	4,198	-	4,198
Actuarial gain - experience adjustments	<u>(2,754)</u>	<u>-</u>	<u>(2,754)</u>
Recognized in other comprehensive income	<u>2,284</u>	<u>(2,284)</u>	<u>-</u>
Contributions from the employer	-	(2,023)	(2,023)
Benefits paid	<u>(1,709)</u>	<u>1,709</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 78,352</u>	<u>\$ (71,794)</u>	<u>\$ 6,558</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2019	2018
Operating costs	\$ 1,321	\$ 1,306
Selling and marketing expenses	92	85
General and administrative expenses	400	370
Research and development expenses	<u>216</u>	<u>204</u>
	<u><u>\$ 2,029</u></u>	<u><u>\$ 1,965</u></u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2019	2018
Discount rate	0.8%	1.125%
Expected rate of salary increase	2%	2%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would (decrease) increase as follows:

	December 31	
	2019	2018
Discount rate		
0.25% increase	\$ <u>(1,378)</u>	\$ <u>(2,127)</u>
0.25% decrease	\$ <u>3,400</u>	\$ <u>2,201</u>
Expected rate of salary increase		
0.25% increase	\$ <u>3,304</u>	\$ <u>2,104</u>
0.25% decrease	\$ <u>(1,297)</u>	\$ <u>(2,044)</u>

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	2018
Expected contributions to the plan for the next year	\$ <u>2,023</u>	\$ <u>1,965</u>
Average duration of the defined benefit obligation	11 years	12 years

24. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	\$ <u>10,000,000</u>	\$ <u>10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>770,391</u>	<u>770,391</u>
Shares issued	\$ <u>7,703,911</u>	\$ <u>7,703,911</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

A total of 23,000 thousand shares of the Company's authorized shares were reserved for the issuance of employee share options.

2) Global depositary receipts

In June 2011, the Company increased its capital by listing its shares in the form of Global Depositary Receipts (GDRs). Each GDR was issued at US\$32.84 and represented 5 ordinary shares. The Company issued 6,700 thousand units of GDRs, representing 33,500 thousand ordinary shares. The registration process has been completed.

As of December 31, 2019 and 2018, there were 728 thousand units and 574 thousand units of outstanding GDRs, equivalent to 3,638 thousand ordinary shares and 2,870 thousand ordinary shares, respectively.

b. Capital surplus

	December 31	
	2019	2018
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Arising from issuance of ordinary shares	\$ 7,460,295	\$ 7,460,295
Arising from conversion of bonds	12,775,052	12,775,052

(Continued)

	December 31	
	2019	2018
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ -	\$ 1,422
Donations from shareholders	<u>2,444</u>	<u>1,971</u>
	<u>\$ 20,237,791</u>	<u>\$ 20,238,740</u> (Concluded)

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 12, 2019 and resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each six months of the fiscal year.

Under the dividends policy as set forth in the amended Articles, the proposal for profit distribution or offsetting of losses can be made at the end of each six months of the fiscal year, when the Company makes a profit in the first half of the fiscal year, the profit should be appropriated as follows:

- 1) Pay taxes;
- 2) Offset against deficit, if any;
- 3) Estimate compensation of employees and remuneration of directors;
- 4) Appropriate 10% of the remaining profit as legal reserve, until the accumulated amount equals the Company's paid-in capital;
- 5) Reverse a special reserve in accordance with the laws or operating needs; and
- 6) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

When the Company makes a profit in a fiscal year, the profit should be appropriated as follows:

- 1) Pay taxes;
- 2) Offset against deficit, if any;
- 3) Estimate compensation of employees and remuneration of directors;
- 4) Appropriate 10% of the remaining profit as legal reserve, until the accumulated amount equals the Company's paid-in capital;
- 5) Reverse a special reserve in accordance with the laws or operating needs; and

- 6) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The Company is still in the growing stage and is continuing to expand its operating scale with due consideration of the viability of the economic situation. The board of directors shall be focusing on growing dividends in a stable manner when proposing the appropriation of annual earnings. However, cash dividends shall not be less than 10% of the total dividends, and cash dividends shall not be distributed if the dividends per share is less than NT\$0.5.

Under the dividends policy as set forth in the Articles before the amendments, when the Company makes a profit in a fiscal year, the profit should be appropriated as follows:

- 1) Offset against deficit, if any;
- 2) Appropriate 10% of the remaining profit as legal reserve, until the accumulated amount equals the Company's paid-in capital;
- 3) Reverse a special reserve in accordance with the laws or operating needs; and
- 4) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting.

For the policies on the distribution of the compensation of employees and remuneration of directors after the amendment, refer to "Compensation of employees and remuneration of directors" in Note 26(g).

The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Per Order No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs," the Company should make provisions to or reversals from a special reserve.

The appropriations of earnings for 2018 and 2017 were approved in the shareholders' meetings on June 12, 2019 and June 11, 2018, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2018	2017
Legal reserve	\$ 2,797,219	\$ 2,184,325
Special reserve	\$ 1,203,262	\$ 3,719,526
Cash dividends	\$ 9,244,692	\$ 9,244,692
Cash dividends per share (NT\$)	\$ 12	\$ 12

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ (7,401,796)	\$ (6,207,055)
Exchange differences on translating the financial statements of foreign operations	(4,746,852)	(1,197,870)
Share from associates accounted for using the equity method	-	1,477
Share from the disposal of associates accounted for using the equity method	<u>-</u>	<u>1,652</u>
Balance at December 31	<u><u>\$ (12,148,648)</u></u>	<u><u>\$ (7,401,796)</u></u>

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ (8,520)	\$ -
Unrealized gain/(loss) - equity instruments	(31,338)	668,323
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(676,843)</u>
Balance at December 31	<u><u>\$ (39,858)</u></u>	<u><u>\$ (8,520)</u></u>

e. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance as of January 1	\$ 105,002	\$ 84,233
Share of profit for the year	25,696	22,665
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign operations	<u>(4,904)</u>	<u>(1,896)</u>
Balance as of December 31	<u><u>\$ 125,794</u></u>	<u><u>\$ 105,002</u></u>

25. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from the sale of metal casing	\$ 91,562,759	\$ 95,347,242
Rental income	<u>65,356</u>	<u>68,899</u>
	<u><u>\$ 91,628,115</u></u>	<u><u>\$ 95,416,141</u></u>

a. Contract information

Revenue from sale of metal casing

The Group sells metal casing to the customers. All goods are sold at respective fixed amounts as agreed in the contracts.

b. Contact balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 10)	<u>\$ 23,661,147</u>	<u>\$ 25,080,753</u>	<u>\$ 32,186,563</u>
Contract liabilities - current			
Sale of goods	<u>\$ 25,614</u>	<u>\$ 35,176</u>	<u>\$ 245,434</u>

c. Disaggregation of revenue

Refer to Note 36 for information about disaggregation of revenue.

26. NET PROFIT

a. Other income

	<u>For the Year Ended December 31</u>	
	2019	2018
Government grants	\$ 3,214,000	\$ 4,158,682
Recycling income	113,441	247,538
Dividend income	26,040	-
Others	<u>13,352</u>	<u>10,662</u>
	<u>\$ 3,366,833</u>	<u>\$ 4,416,882</u>

b. Other gains and losses

	<u>For the Year Ended December 31</u>	
	2019	2018
Gains on disposals of investments	\$ -	\$ 127,279
Fair value changes of financial assets mandatorily classified as at FVTPL	(17,484)	(29,039)
Others	<u>105,500</u>	<u>77,882</u>
	<u>\$ 88,016</u>	<u>\$ 176,122</u>

c. Interest expense

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	\$ 958,465	\$ 470,027
Interest on lease liabilities	<u>1,299</u>	<u>-</u>
	<u>\$ 959,764</u>	<u>\$ 470,027</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	\$ 10,898,158	\$ 11,047,320
Operating expenses	<u>1,154,890</u>	<u>1,160,863</u>
	<u>\$ 12,053,048</u>	<u>\$ 12,208,183</u>
An analysis of amortization by function		
Operating costs	\$ 37,588	\$ 11,023
Operating expenses	<u>30,808</u>	<u>23,693</u>
	<u>\$ 68,396</u>	<u>\$ 34,716</u>

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2019	2018
Direct operating expenses from investment properties generating rental income	<u>\$ 47,814</u>	<u>\$ 42,547</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits		
Salaries	\$ 15,388,933	\$ 20,321,212
Labor and health insurance	932,937	1,252,056
Remuneration of directors	17,441	17,850
Others	<u>1,003,903</u>	<u>1,410,376</u>
	<u>17,343,214</u>	<u>23,001,494</u>
Post-employment benefits		
Defined contribution plans	1,191,479	2,035,864
Defined benefit plans (Note 23)	<u>2,029</u>	<u>1,965</u>
	<u>1,193,508</u>	<u>2,037,829</u>
	<u>\$ 18,536,722</u>	<u>\$ 25,039,323</u>

(Continued)

	For the Year Ended December 31	
	2019	2018
An analysis of employee benefits expense by function		
Operating costs	\$ 14,728,039	\$ 20,431,445
Operating expenses	<u>3,808,683</u>	<u>4,607,878</u>
	<u><u>\$ 18,536,722</u></u>	<u><u>\$ 25,039,323</u></u>
		(Concluded)

g. Compensation of employees and remuneration of directors

The Company accrued the compensation of employees and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 10, 2020 and March 6, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
Compensation of employees	7.01%	5.63%
Remuneration of directors	0.12%	0.05%

Amount

	For the Year Ended December 31			
	2019		2018	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 950,847	\$ -	\$ 1,844,383	\$ -
Remuneration of directors	16,444	-	16,892	-

If there are changes in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2019	2018
Foreign exchange gains	\$ 8,313,212	\$ 34,828,650
Foreign exchange losses	<u>(9,077,094)</u>	<u>(30,138,512)</u>
	<u><u>\$ (763,882)</u></u>	<u><u>\$ 4,690,138</u></u>

27. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	\$ 7,317,929	\$ 13,774,131
Income tax on unappropriated earnings	689,486	669,472
Adjustment for prior years	<u>82,991</u>	<u>116,256</u>
	8,090,406	14,559,859
Deferred tax		
In respect of the current year	595,035	(1,151,702)
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>(83,874)</u>
	595,035	(1,235,576)
	<u>\$ 8,685,441</u>	<u>\$ 13,324,283</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2019	2018
Profit before income tax	<u>\$ 19,983,261</u>	<u>\$ 41,319,136</u>
Income tax expense calculated at the statutory rate	\$ 3,797,885	\$ 9,263,171
Unrecognized temporary differences		
Accumulated depreciation tax difference	(20,245)	19,766
Nondeductible expenses in determining taxable income		
Research and development tax credits from China	(141,014)	(164,677)
Nondeductible expenses in determining taxable income	4,812	29,484
Deferred tax effect of earnings of subsidiaries	1,090,733	-
Withholding tax on remittance of earnings	3,037,147	3,494,486
Alternative minimum tax	-	80,354
Effect of tax rate changes	-	(83,874)
Tax-exempt income	(5,208)	(25,877)
Additional income tax on unappropriated earnings	689,486	669,472
5-year tax-exempt income	(21,264)	(87,361)
Unrecognized loss carryforwards	170,118	13,083
Adjustments for prior years' tax	<u>82,991</u>	<u>116,256</u>
	<u>\$ 8,685,441</u>	<u>\$ 13,324,283</u>

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings has been reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Group has already deducted the amount of capital expenditure from the unappropriated earnings in 2018 that was reinvested when calculating the tax on unappropriated earnings for the year ended December 2019.

b. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	<u>\$ 23,503</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ 1,446,742</u>	<u>\$ 3,925,637</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Provisions for losses on inventories	\$ 191,433	\$ 6,880	\$ (701)	\$ 197,612
Depreciation differences	3,973,218	647,346	(197,608)	4,422,956
Unrealized intercompany profit	1,787,239	(1,025,993)	(4,043)	757,203
Unrealized sales returns	19,840	(18,583)	-	1,257
Defined benefit obligation	1,310	2	-	1,312
Payables for annual leave	43,136	(3,048)	(1,000)	39,088
Impairment loss on property, plant and equipment	2,787	(2,614)	-	173
Financial assets at fair value through profit or loss	5,646	3,497	-	9,143
Other payables	4,578	(4,435)	-	143
Right-of-use assets	-	61	-	61
Allowances for impaired receivables	13	(13)	-	-
Unrealized foreign exchange losses	20,340	212,691	-	233,031
Others	<u>66,570</u>	<u>18,655</u>	<u>(3,202)</u>	<u>82,023</u>
	6,116,110	(165,554)	(206,554)	5,744,002
Tax losses	<u>44,833</u>	<u>663,504</u>	<u>(18,685)</u>	<u>689,652</u>
	<u>\$ 6,160,943</u>	<u>\$ 497,950</u>	<u>\$ (225,239)</u>	<u>\$ 6,433,654</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Depreciation differences	\$ 24,300	\$ 2,252	\$ -	\$ 26,552
Reserves for land value increment tax	12,597	-	-	12,597
Unappropriated earnings of subsidiaries	-	1,090,733	(32,607)	1,058,126
	<u>36,897</u>	<u>1,092,985</u>	<u>(32,607)</u>	<u>1,097,275</u>

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Provisions for losses on inventories	\$ 161,661	\$ 29,256	\$ 516	\$ 191,433
Depreciation differences	2,901,455	1,163,358	(91,595)	3,973,218
Unrealized intercompany profit	1,732,492	892	53,855	1,787,239
Unrealized sales returns	885	18,955	-	19,840
Defined benefit obligation	1,113	197	-	1,310
Payables for annual leave	35,653	8,051	(568)	43,136
Impairment loss on property, plant and equipment	10,510	(7,723)	-	2,787
Financial assets at fair value through profit or loss	-	5,646	-	5,646
Other payables	11,702	(7,124)	-	4,578
Allowances for impaired receivables	8,685	(8,557)	(115)	13
Unrealized foreign exchange losses	100,836	(80,496)	-	20,340
Others	38,863	50,266	(22,559)	66,570
	5,003,855	1,172,721	(60,466)	6,116,110
Tax losses	-	44,873	(40)	44,833
	<u>\$ 5,003,855</u>	<u>\$ 1,217,594</u>	<u>\$ (60,506)</u>	<u>\$ 6,160,943</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Depreciation differences	\$ 42,282	\$ (17,982)	\$ -	\$ 24,300
Reserves for land value increment tax	12,597	-	-	12,597
	<u>\$ 54,879</u>	<u>\$ (17,982)</u>	<u>\$ -</u>	<u>\$ 36,897</u>

d. Information about unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2019 comprised:

Unused Amount	Expiry Year
\$ 943,261	2020
358,817	2021
564,982	2022
130,979	2023
167,155	2024
<u>\$ 2,165,194</u>	

As of December 31, 2019, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

Expansion of Construction Project	Tax-exemption Period
Five years tax-exempt expansion project approved under the Official Letter, No. 1020163631, issued by Tainan City Government	From January 1, 2016 to December 31, 2020

- e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

The taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized amounted to NT\$ 137,540,197 thousand and NT\$143,158,327 thousand as of December 31, 2019 and 2018, respectively.

- f. Income tax assessments

The tax returns of the Company through 2017 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2019	2018
Profit for the year attributable to owners of the Company	<u>\$ 11,272,124</u>	<u>\$ 27,972,188</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares in computation of basic earnings per share	770,391	770,391
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>5,592</u>	<u>9,414</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>775,983</u>	<u>779,805</u>

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. CAPITAL MANAGEMENT

The Group requires significant amounts of capital to build and expand its production facilities and equipment. The Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of financial instruments that are not measured at fair value approximate their fair value recognized in the consolidated financial statements; these financial instruments include cash and cash equivalents, financial assets at amortized cost, accounts receivable, other receivables, refundable deposits, short-term loans, accounts payable, other payables, and guarantee deposits received.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Listed shares and emerging market shares	\$ 324,380	\$ -	\$ -	\$ 324,380
Financial assets at fair value through other comprehensive income				
Investments in equity instruments at financial assets at fair value through other comprehensive income				
Unlisted shares	\$ -	\$ -	\$ 89,295	\$ 89,295
Limited Partnerships	-	-	453,835	453,835
	\$ -	\$ -	\$ 543,130	\$ 543,130

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Listed shares and emerging market shares	\$ 341,864	\$ -	\$ -	\$ 341,864
Financial assets at fair value through other comprehensive income				
Investments in equity instruments at financial assets at fair value through other comprehensive income				
Unlisted shares	\$ -	\$ -	\$ 64,980	\$ 64,980
Limited Partnerships	-	-	229,255	229,255
	\$ -	\$ -	\$ 294,235	\$ 294,235

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 294,235	\$ 58,500
Addition	296,894	244,255
Recognized in other comprehensive income (included in unrealized gain/loss on financial assets at financial assets at fair value through other comprehensive income)	(31,338)	(8,520)
Foreign exchange gains and losses	<u>(16,661)</u>	<u>-</u>
Balance at December 31	<u><u>\$ 543,130</u></u>	<u><u>\$ 294,235</u></u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted equity securities in the ROC was estimated using the market approach and based on the recent net equity. In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.

The fair value of limited partnerships was estimated based on the recent net equity.

c. Categories of financial instruments

	December 31	
	2019	2018
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Mandatorily classified as at fair value through profit or loss	\$ 324,380	\$ 341,864
Financial asset at amortized cost (i)	175,828,822	168,126,245
Financial assets at fair value through other comprehensive income		
Equity instruments	543,130	294,235

Financial liabilities

Financial liabilities measured at amortized cost (ii)	90,437,774	97,866,773
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(i) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivables and refundable deposits.

(ii) The balance includes financial liabilities measured at amortized cost, which comprise short-term loans, notes and trade payables, other payables, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, borrowings, and lease liabilities. The Group's Corporate Treasury function provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk

reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

There have been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the United States dollars (USD).

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD, the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign-currency denominated monetary items. A positive number below indicates an increase in profit before income tax that would result when the NTD weakens by 1% against the relevant currency. For a 1% strengthening of the NTD against the relevant currency, there would be an equal and opposite impact on profit before income tax and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2019	2018
Profit or loss	\$ 710,893	\$ 927,040

This was mainly attributable to the exposure on outstanding USD-denominated cash and cash equivalents, financial assets at amortized cost, and receivables and payables which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current period mainly due to the decrease in net assets denominated in USD. In management's opinion, the sensitivity analysis was unrepresentative of inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period. In addition, USD-denominated sales would increase or decrease with customers' orders and the amounts of investments.

b) Interest rate risk

The Group was exposed to interest rate risk because Group entities borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2019	2018
Fair value interest rate risk		
Financial assets	\$ 128,317,651	\$ 140,506,182
Financial liabilities	4,618,753	5,207,075
Cash flow interest rate risk		
Financial assets	23,233,337	1,825,853
Financial liabilities	65,894,246	68,426,184

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming that the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the years ended December 31, 2019 and 2018 would have decreased/increased by NT\$42,661 thousand and NT\$66,600 thousand, respectively; the change would be mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings of cash flow.

The Group's sensitivity to interest rates decreased during the current period mainly due to the increase in variable rate financial assets.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by NT\$3,244 thousand and NT\$3,419 thousand respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which could cause a financial loss to the Group due to the failure of a counterparty to discharge an obligation, could at most amount to the carrying amount of the

respective recognized financial assets as stated in the balance sheets.

The counterparties to the foregoing financial instruments are reputable business organizations. Management does not expect the Group's exposure to default by those parties to be material; ongoing credit evaluation is also performed on the financial condition of customers with whom the Group has accounts receivable.

Information on credit risk concentration as of December 31, 2019 and 2018 was as follows:

	December 31			
	2019		2018	
	Amount	%	Amount	%
Customer A	\$10,378,389	44	\$ 8,344,938	33
Customer B	7,090,152	30	8,851,155	35
Customer C	3,052,927	13	4,464,585	18

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group's operating funds and bank loan credit line are deemed sufficient to meet cash flow demands; therefore, liquidity risk is not considered to be significant.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2019

	Less than 3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$13,163,238	\$6,902,569	\$ 19,736	\$ -
Lease liabilities	1,250	29,335	23,296	121,382
Variable interest rate liabilities	37,286,457	28,755,566	-	-
Fixed interest rate liabilities	<u>1,534,631</u>	<u>2,980,281</u>	<u>-</u>	<u>-</u>
	<u>\$51,985,576</u>	<u>\$38,667,751</u>	<u>\$ 43,032</u>	<u>\$ 121,382</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 30,585</u>	<u>\$ 23,296</u>	<u>\$ 22,478</u>	<u>\$ 22,478</u>	<u>\$ 22,478</u>	<u>\$ 53,948</u>

December 31, 2018

	Less than 3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$ 18,004,665	\$ 6,204,508	\$ 24,341
Variable interest rate liabilities	43,232,202	25,841,583	-
Fixed interest rate liabilities	<u>2,162,136</u>	<u>3,044,939</u>	<u>-</u>
	<u>\$ 63,399,003</u>	<u>\$ 35,091,030</u>	<u>\$ 24,341</u>

The amounts included for variable interest rate instruments for both non-derivative financial assets and liabilities would change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2019	2018
Unsecured bank loan facilities		
Amount used	\$ 70,380,746	\$ 74,076,184
Amount unused	<u>27,032,198</u>	<u>22,658,552</u>
	<u>\$ 97,412,944</u>	<u>\$ 96,734,736</u>

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 99,096	\$ 373,077
Post-employment benefits	<u>35,371</u>	<u>27,245</u>
	<u>\$ 134,467</u>	<u>\$ 400,322</u>

The remuneration of directors and key executives are determined by the remuneration committee with due regard to the performance of individuals, the performance of the Group, and future risk.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2019 and 2018 were as follows:

- As of December 31, 2019 and 2018, the unused letters of credit of the Group for purchasing raw materials and equipment were NT\$ 0 thousand and NT\$266,923 thousand, respectively.

b. Unrecognized commitments are as follows:

	December 31	
	2019	2018
Acquisition of property, plant and equipment	\$ <u>725,970</u>	\$ <u>2,273,723</u>
Acquisition of inventories	\$ <u>102,298</u>	\$ <u>29,247</u>

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The outbreak of 2019 novel coronavirus in January 2020 caused the temporarily suspended operation of the factories of the subsidiaries located in mainland China. The subsidiaries located in mainland China gradually returned to operation starting from February 10, 2020.

Due to the inability to assess the disease control situation as of the date the consolidated financial report was authorized for issue, the Group is continuously assessing the extent of the impact of the epidemic on the operating revenue and profit or loss.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is an aggregation of foreign currencies other than the functional currencies of the Group entities and disclosure of the exchange rates between the foreign currencies and the respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,099,273	29.93 (USD:NTD)	\$ 62,831,230
USD	1,146,454	6.9762 (USD:RMB)	34,370,706
<u>Financial liabilities</u>			
Monetary items			
USD	206,996	30.03 (USD:NTD)	6,216,085
USD	663,662	6.9762 (USD:RMB)	19,896,590

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,792,611	30.665 (USD:NTD)	\$ 85,635,405
USD	1,467,139	6.9156 (USD:RMB)	45,063,162
JPY	489,582	0.2762 (JPY:NTD)	135,223
<u>Financial liabilities</u>			
Monetary items			
USD	701,218	30.765 (USD:NTD)	21,572,965
USD	534,645	6.9156 (USD:RMB)	16,421,627
JPY	43,238	0.2802 (JPY:NTD)	12,059

The Group is mainly exposed to the USD. The following information is an aggregation of the functional currencies of the Group entities and disclosures of the exchange rates between the respective functional currencies and the presentation currency. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Foreign Currencies	2019	Net Foreign Exchange Gain (Loss)	2018	Net Foreign Exchange Gain (Loss)
	Exchange Rate		Exchange Rate	
USD	30.912(USD:NTD)	\$ (56,269)	30.149 (USD:NTD)	\$ (49,226)
NTD	1(NTD:NTD)	(1,026,836)	1 (NTD:NTD)	2,742,899
RMB	4.4837(RMB:NTD)	<u>319,223</u>	4.5628 (RMB:NTD)	<u>1,996,465</u>
		<u>\$ (763,882)</u>		<u>\$ 4,690,138</u>

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (N/A)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3)

- 5) Acquisitions of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposals of individual real estate at a price of at least NT\$300 million or 20% of the paid-in capital (N/A)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (N/A)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)
- 11) Information on investees (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss of investee, investment income or loss, carrying amount of the investment at the end of the period, and repatriations of investment from the mainland China area (Table 8)
- 2) Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses as follows (Tables 1, 5, 6 and 9):
 - a) Purchases - the amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) Sales - the amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) Property transactions - the amount of property transactions and the amount of the resultant gains or losses
 - d) Endorsements and guarantees - the balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) Financing - the highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other - the transactions with material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services

36. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group's chief operating decision maker reviews operating results and financial information on a plant by plant basis with a focus on the operating results of each plant. As each plant shares similar economic characteristics, produces similar products using similar production process and all products are distributed and sold to same-level customers through a central sales function, the Group's operating segments are aggregated into a single reportable segment. The Group's chief operating decision maker reviews segment information measured on the same basis as the consolidated financial statements. Information about reportable segment sales and profit or loss is referenced from the consolidated statements of comprehensive income for the years ended December 31, 2019 and 2018 and information on assets is referenced from the consolidated balance sheets as of December 31, 2019 and 2018.

a. Geographical information

The Group operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers	
	For the Year Ended December 31	
	2019	2018
China	\$ 29,347,640	\$ 29,166,852
United States	56,713,789	58,860,982
Taiwan	932,226	2,363,181
Singapore	4,619,095	4,817,798
Others	<u>15,365</u>	<u>207,328</u>
	<u><u>\$ 91,628,115</u></u>	<u><u>\$ 95,416,141</u></u>
	Non-current Assets	
	December 31, 2019	December 31, 2018
Taiwan	\$ 8,067,244	\$ 7,263,412
China	<u>36,224,719</u>	<u>46,935,211</u>
	<u><u>\$ 44,291,963</u></u>	<u><u>\$ 54,198,623</u></u>

Non-current assets excluded those classified as financial assets at amortized cost, financial assets at fair value through other comprehensive income and deferred tax assets.

b. Information about major customers

Single customers who contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2019	2018
Customer A	\$ 56,690,715	\$ 58,817,858
Customer B	<u>16,620,114</u>	<u>16,581,736</u>
	<u><u>\$ 73,310,829</u></u>	<u><u>\$ 75,399,594</u></u>

TABLE 1

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
1	Topo Technology (Suzhou) Co., Ltd.	Envio Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	\$ 459,160	\$ -	\$ -	-	For short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$742,313,565	<u>\$742,313,565</u>
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	344,948	128,925	128,925	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	907,884	752,063	752,063	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 880,988</u>										
2	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Envio Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	114,790	\$ -	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
		Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	287,866	-	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	298,955	-	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	285,259	279,338	279,338	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 279,338</u>										
3	Catcher Technology (Suqian) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	8,895,443	\$ 429,750	429,750	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
		Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	2,726,456	1,524,075	1,524,075	1.50~4.38613	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	4,561,561	3,137,175	3,137,175	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	3,427,573	3,395,025	3,395,025	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 8,486,025</u>										
4	Topo Technology (Taizhou) Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	1,029,319	<u>\$ -</u>	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
5	Envio Technology (Suqian) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	216,935	\$ 214,875	214,875	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	607,418	601,650	601,650	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 816,525</u>										
6	Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	3,139,000	<u>\$ 2,998,000</u>	2,998,000	2.961	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
7	Gigamag Co., Ltd.	Next Level Ltd.	Other receivables - related parties	Yes	11,285,000	<u>\$ 11,092,600</u>	2,998,000	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
8	Next Level Ltd.	Norma International Co., Ltd.	Other receivables - related parties	Yes	632,000	\$ 599,600	-	-	For short-term	-	Operating capital	-	-	-	742,313,565	

		Uranus International Co., Ltd.	Other receivables - related parties	Yes	7,625,000	7,495,000	-	-	financing For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Cygnus International Co., Ltd.	Other receivables - related parties	Yes	3,792,000	3,597,600	2,998,000	-	financing For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 11,692,200</u>										<u>\$742,313,565</u>

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
9	Norma International Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	\$ 627,800	\$ 599,600	\$ 599,600	2.961	For short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$742,313,565	
		Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	610,000	599,600	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	2,745,000	2,698,200	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	
10	Uranus International Co., Ltd.					<u>\$ 3,897,400</u>										<u>\$742,313,565</u>
		Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	4,575,000	\$ 4,497,000	2,998,000	2.961	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	6,100,000	5,996,000	5,096,600	2.961	For short-term financing	-	Operating capital	-	-	-	742,313,565	
11	Ke Yue Co., Ltd.					<u>\$ 10,493,000</u>										<u>\$742,313,565</u>
		Catcher Technology Co., Ltd.	Other receivables - related parties	Yes	628,195	<u>\$ 600,000</u>	600,000 (Note 4)	0.76822	For short-term financing	-	Operating capital	-	-	-	454,905	
12	Yi Sheng Co., Ltd.	Catcher Technology Co., Ltd	Other receivables - related parties	Yes	165,900	<u>\$ 163,000</u>	163,000 (Note 4)	0.76822	For short-term financing	-	Operating capital	-	-	-	120,092	<u>\$ 120,092</u>
13	Yi De Co., Ltd.	Catcher Technology Co., Ltd	Other receivables - related parties	Yes	165,900	<u>\$ 163,000</u>	163,000 (Note 4)	0.76822	For short-term financing	-	Operating capital	-	-	-	120,092	<u>\$ 120,092</u>

(Concluded)

Note 1: The upper limit of the 100% owned subsidiaries held directly or indirectly by the Company is equivalent to 100% of the net asset value as of December 31, 2019 of the Company; the upper limit of the subsidiaries is equivalent to 40% of the net asset value as of December 31, 2019 of the subsidiaries; but the upper limit of those with business transactions is no more than the needed amount for operations.

Note 2: The upper limit of the 100% owned subsidiaries held directly or indirectly by the Company is equivalent to 100% of the net asset value as of December 31, 2019 of the Company; the upper limit of the subsidiaries is equivalent to 40% of the net asset value as of December 31, 2019 of the subsidiaries.

Note 3: The net asset value mentioned in Notes 1 and 2 above is the equity attributable to owners of the Company on the consolidated balance sheets.

Note 4: The financing provided balance overruns, the subsidiaries has sent an improvement plan to supervisor.

TABLE 2**CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Catcher Technology Co., Ltd.	Alpha Information Systems, Inc.	None	Financial assets at fair value through other comprehensive income - non - current	1,500,000	\$ 57,075	10	\$ 57,075	
	CDIB Capital Innovation Accelerator Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non - current	3,000,000	32,220	3.57	32,220	
					<u>\$ 89,295</u>		<u>\$ 89,295</u>	
	Sinher Technology Co., Ltd	None	Financial assets at fair value through profit or loss - current	7,439,917	<u>\$ 324,380</u>	9.998	<u>\$ 324,380</u>	
Nanomag International Co., Ltd.	China Renewable Energy Fund, L.P.	None	Financial assets at fair value through other comprehensive income - non - current	-	<u>\$ 453,835</u>	23.51	<u>\$ 453,835</u>	Note 3

Note 1: Securities in this table are shares, bonds, beneficiary certificates and those derived from the above-mentioned items which are within the scope of IFRS 9 "Financial Instrument: Recognition and Measurement".

Note 2: Refer to Tables 7 and 8 for information on subsidiaries and associates.

Note 3: Percentage of Ownership is the fund share ratio.

TABLE 3**CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Nanomag International Co., Ltd.	China Renewable Energy Fund, L.P.	Financial assets at fair value through other comprehensive income – non - current	-	-	-	\$ 229,255 (USD 7,463,944)	-	\$ 224,580 (USD 7,673,988) (Note)	-	\$ -	\$ -	\$ -	-	\$ 453,835 (USD 15,137,932)

Note: Includes incremental investments of US\$9,530,325 and unrealized gain/(loss) on investment in equity instruments at fair value through other comprehensive income of US\$ 1,856,337.

TABLE 4

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ACQUISITIONS OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty/ Acquisition Item	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Meeea Technology (Taizhou) Co., Ltd.	Manufacturing plant	2017.06.16- 2019.12.31	Contract price is NT\$1,455,477 thousand (RMB 338,680 thousand); NT\$1,411,812 thousand has been put into construction	In accordance with rules of contracts and progress	Self-built assets (The main contractor is The Industrial Construction Engineering Group Co., Ltd.)	-	-	-	-	\$ -	Price comparison or negotiation	Operating production	-
Envio Technology (Suqian) Co., Ltd.	Manufacturing plant	2017.08.18- 2019.12.31	Contract price is NT\$744,304 thousand (RMB 173,195 thousand); NT\$721,646 thousand has been put into construction	In accordance with rules of contracts and progress	Self-built assets (The main Contractor is Zhongxing Construction Co., Ltd.)	-	-	-	-	-	Price comparison or negotiation	Operating production	-

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Catcher Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	\$ (109,583)	1	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	\$ -	-	
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	462,405	14	Net 30 to 90 days after month end close	Equivalent	Equivalent	(117,279)	6	
			Sales	(716,720)	4	Net 30 to 90 days after month end close	Equivalent	Equivalent	567,725	7	
	Next Level Ltd.	Same ultimate parent company	Sales	(416,172)	2	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	7,300	1	
	Envio Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(542,243)	3	Net 30 to 90 days after month end close	Equivalent	Equivalent	278,274	3	
			Purchases	224,457	7	Net 30 to 90 days after month end close	Equivalent	Equivalent	(104,776)	5	
Topo Technology (Taizhou) Co., Ltd.	Aquila Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	190,577	6	Net 120 days after month end close	Equivalent	Equivalent	(116,613)	6	
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(291,546)	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	104,194	1	
			Purchases	367,273	3	Net 30 to 90 days after month end close	Equivalent	Equivalent	(154,896)	4	
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	Sales	(1,240,485)	5	Net 30 to 90 days after month end close	Equivalent	Equivalent	1,173,525	10	
			Purchases	960,925	9	Net 30 to 90 days after month end close	Equivalent	Equivalent	(433,866)	10	
	Next Level Ltd.	Same ultimate parent company	Sales	(23,027,287)	94	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	10,081,462	86	
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(280,792)	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	160,294	1	
	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(1,178,916)	5	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	-	-	
Vito Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(568,932)	5	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	45,706	-	
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	Sales	(620,923)	5	Net 30 to 90 days after month end close	Equivalent	Equivalent	259,300	5	
	Next Level Ltd.	Same ultimate parent company	Sales	(5,240,761)	43	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	1,970,101	30	
	Aquila Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	136,941	5	Net 120 days after month end close	Equivalent	Equivalent	(106,661)	5	
	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(454,975)	10	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	4,094	-	
Arcadia Technology (Suqian) Co., Ltd.	Next Level Ltd.	Same ultimate parent company	Sales	(2,837,375)	60	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	315,482	15	
Meeca Technology (Taizhou) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(373,006)	3	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	-	-	
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(193,392)	2	Net 30 to 90 days after month end close	Equivalent	Equivalent	207,418	3	
			Purchases	1,475,169	20	Net 30 to 90 days after month end close	Equivalent	Equivalent	(1,569,687)	25	
	Next Level Ltd.	Same ultimate parent company	Sales	(10,611,457)	88	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	5,764,068	89	
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	Purchases	299,827	4	Net 30 to 90 days after month end close	Equivalent	Equivalent	299,731	5	
Envio Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(1,084,515)	20	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	-	-	
	Next Level Ltd.	Same ultimate parent company	Sales	(4,283,834)	80	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	1,039,882	90	
Next Level Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(46,416,886)	100	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	5,266,287	100	

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Topo Technology (Suzhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	\$ 128,925	- (Note 1)	\$ -	Not applicable	\$ -	\$ -
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	150,988	- (Note 2)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	752,063	- (Note 1)	-	Not applicable	-	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	279,338	- (Note 1)	-	Not applicable	-	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	299,731	0.99	-	Not applicable	-	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	242,578	- (Note 2)	-	Not applicable	-	-
Catcher Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	396,122	- (Note 3)	-	Not applicable	-	-
			567,725	1.47	-	Not applicable	-	-
			3,395,025	- (Note 1)	-	Not applicable	-	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	1,524,075	- (Note 1)	-	Not applicable	-	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	429,750	- (Note 1)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	3,137,175	- (Note 1)	-	Not applicable	-	-
	Envio Technology (Suqian) Co., Ltd.	Same ultimate parent company	278,274	1.57	-	Not applicable	-	-
Aquila Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	106,661	2.48	-	Not applicable	21,275	-
	Catcher Technology (Suqian) Co., Ltd.	Same ultimate parent company	116,613	1.85	-	Not applicable	28,767	-
Topo Technology (Taizhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	104,193	0.48	-	Not applicable	18,618	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	1,173,525	1.07	-	Not applicable	1,675	-
			556,895	- (Note 2)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	160,294	0.27	-	Not applicable	-	-
	Next Level Ltd.	Same ultimate parent company	10,081,462	2.19	-	Not applicable	2,982,243	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Vito Technology (Suqian) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Same ultimate parent company	\$ 117,279	3.87	\$ -	Not applicable	\$ -	\$ -
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	154,896	2.06	-	Not applicable	-	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	259,300	2.63	-	Not applicable	-	-
	Envio Technology (Suqian) Co., Ltd.	Same ultimate parent company	149,856	-	-	Not applicable	-	-
	Next Level Ltd.	Same ultimate parent company	1,970,101	(Note 3) 2.55	-	Not applicable	1,013,330	-
Meeca Technology (Taizhou) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	207,418	0.18	-	Not applicable	109,066	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	433,866	0.53	-	Not applicable	-	-
	Next Level Ltd.	Same ultimate parent company	5,764,068	1.77	-	Not applicable	2,351,973	-
Envio Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	601,650	-	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	214,875	(Note 1) -	-	Not applicable	-	-
	Catcher Technology (Suqian) Co., Ltd.	Same ultimate parent company	104,776	(Note 1) 2.08	-	Not applicable	-	-
	Next Level Ltd.	Same ultimate parent company	1,039,882	3.94	-	Not applicable	440,281	-
Arcadia Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	224,038	-	-	Not applicable	244	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	1,569,687	(Note 2) 0.93	-	Not applicable	128,924	-
	Next Level Ltd.	Same ultimate parent company	315,482	8.45	-	Not applicable	151,401	-
Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	2,998,000	-	-	Not applicable	-	-
Gigamag Co., Ltd.	Next Level Ltd.	Same ultimate parent company	2,998,000	(Note 1) -	-	Not applicable	-	-
Next Level Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	5,266,287	8.81	-	Not applicable	5,266,287	-
	Cygnus International Co., Ltd.	Same ultimate parent company	2,998,000	-	-	Not applicable	-	-
Norma International Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	599,600	(Note 1) -	-	Not applicable	-	-
Uranus International Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	2,998,000	-	-	Not applicable	-	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	5,096,600	(Note 1) -	-	Not applicable	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Ke Yue Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	\$ 600,000	- (Note 1)	\$ -	Not applicable	\$ 146,000	\$ -
Yi Sheng Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	163,000	- (Note 1)	-	Not applicable	43,000	-
Yi De Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	163,000	- (Note 1)	-	Not applicable	43,000	-

(Concluded)

- Note 1:

The ending balance of financing provided is not in the calculation of the turnover rate.
- Note 2:

The ending balance of property, plant and equipment purchased is not in the calculation of the turnover rate.
- Note 3:

The ending balance of processing income receivables is not in the calculation of the turnover rate.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Catcher Technology Co., Ltd.	Gigamag Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investing activities	\$ 484,941	\$ 484,941	14,377,642	100	\$ 29,159,305	\$ 3,326,938	\$ 3,506,273	
	Nanomag International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	1	1	30	100	117,348,698	6,051,601	6,286,588	
	Yue-Kang Health Control Technology Inc.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Health and medical treatment consultant	72,000	43,660	7,200,000	45	12,295	(22,606)	(9,730)	
	Ke Yue Co., Ltd.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Investing activities	1,129,000	1,129,000	11,290,000	100	1,137,264	8,264	8,264	
	Yi De Co., Ltd.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Investing activities	298,000	298,000	3,070,000	100	300,231	2,231	2,231	
	Yi Sheng Co., Ltd.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Investing activities	298,000	298,000	3,070,000	100	300,231	2,230	2,230	
Gigamag Co., Ltd.	Neat Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	International trading	300 (USD 10,000)	300 (USD 10,000)	10,000	100	259	(43)		
Nanomag International Co., Ltd.	Castmate International Co., Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investing activities	30,268 (USD 1,009,592)	30,268 (USD 1,009,592)	1,009,592	100	3,311,397	(59,167)		
	Stella International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	9,955,733 (USD 332,079,144)	9,955,733 (USD 332,079,144)	332,079,144	100	21,732,741	(1,128,426)		
	Aquila International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	33,578 (USD 1,120,000)	33,578 (USD 1,120,000)	1,050,000	75	377,382	102,784		
	Uranus International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	11,962,301 (USD 399,009,383)	11,962,301 (USD 399,009,383)	399,009,383	100	42,132,573	5,088,177		
	Norma International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	8,980,020 (USD 299,533,691)	8,980,020 (USD 299,533,691)	299,533,691	100	11,895,708	(1,656,468)		
	Next Level Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investing activities	300 (USD 10,000)	-	10,000	100	68,683	70,269		
Castmate International Co., Ltd.	Cygnus International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	299,958 (USD 10,005,259)	299,958 (USD 10,005,259)	10,005,259	100	3,180,849	(68,452)		(Note 3)
Stella International Co., Ltd.	Lyra International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	9,954,961 (USD 332,053,412)	9,954,961 (USD 332,053,412)	332,053,412	100	22,026,652	(1,138,563)		
Aquila International Co., Ltd.	Cepheus International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	41,972 (USD 1,400,000)	41,972 (USD 1,400,000)	1,400,000	100	502,243	102,914		

Note 1: Share of profit (loss) is only reflected for the subsidiaries invested in directly and the investments accounted for by using the equity method.

Note 2: Information on investments in mainland China is provided in Table 8.

Note 3: Nanomag International Co., Ltd. incorporated its 100% owned subsidiaries Next Level Ltd. in January 2019.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 13)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 13)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 13)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outward	Inward						
Catcher Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	\$ -	2. Cygnus International Co., Ltd. (Note 8)	\$ 999,533 (USD 33,340,000)	\$ -	\$ -	\$ 999,533 (USD 33,340,000)	\$ -	100	\$ -	\$ -	\$ -
Topo Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	300,100 (USD 10,010,000)	2. Lyra International Co., Ltd. (Notes 4 and 5)	1,209,393 (USD 40,340,000)	-	-	1,209,393 (USD 40,340,000)	(59,247)	100	(59,247) (Note 2.(A))	1,868,924	-
Topo Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,544,033 (RMB 829,779,072) (USD 65,979,240)	2. Lyra International Co., Ltd. (Note 9)	-	-	-	-	169,549	100	169,549 (Note 2.(A))	8,826,869	5,482,243
Meeeca Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,737,793 (RMB 814,650,196) (USD 74,610,861)	2. Lyra International Co., Ltd. (Note 12)	-	-	-	-	262,763	100	262,763 (Note 2.(A))	6,630,643	-
Meeeca Technology (Suzhou Industrial Park) Co., Ltd.	Manufacturing, selling and developing varied metal products	299,800 (USD 10,000,000)	2. Cygnus International Co. Ltd. (Note 6)	-	-	-	-	(159,204)	100	(159,204) (Note 2.(A))	1,974,771	-
Catcher Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,996,000 (USD 200,000,000)	2. Uranus International Co., Ltd. (Note 7)	2,848,070 (USD 94,999,000)	-	-	2,848,070 (USD 94,999,000)	5,436,644	100	5,436,644 (Note 2.(A))	22,854,273	10,597,814
Vito Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,725,885 (RMB 409,431,280) (USD 132,300,000)	2. Uranus International Co., Ltd. (Note 10)	-	-	-	-	1,633,493	100	1,633,493 (Note 2.(A))	9,544,552	-
Arcadia Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,873,880 (RMB 398,499,193) (USD 138,803,527)	2. Norma International Co., Ltd. (Note 11)	-	-	-	-	(2,407,708)	100	(2,407,708) (Note 2.(A))	4,006,250	-
Envio Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	2,940,922 (RMB 188,956,820) (USD 71,010,000)	2. Norma International Co., Ltd. (Note 16)	-	-	-	-	1,194,482	100	1,194,482 (Note 2.(A))	3,779,090	-
Aquila Technology (Suqian) Co., Ltd.	Manufacturing and selling molds and electronic parts	41,972 (USD 1,400,000)	2. Cepheus International Co., Ltd.	33,578 (USD 1,120,000)	-	-	33,578 (USD 1,120,000)	102,991	75	77,243 (Note 2.(A))	501,330	169,684
WIT Technology (Taizhou) Co., Ltd. (Note 14)	Researching, developing and manufacturing communication electronic products	-	2. Cetus International Co., Ltd.	-	-	-	-	-	70	-	-	-
Chaohu Yunhai Magnesium Co., Ltd. (Note 15)	Manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metals	-	2. Sagitta International Co., Ltd.	662,016 (USD 22,081,923)	-	-	662,016 (USD 22,081,923)	-	46	-	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018 (Note 13)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 13 and 14)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ 5,752,590 (USD 191,880,923)	\$ 41,761,098 (USD 1,014,344,227) (RMB 2,641,316,560)	\$ 89,153,104

Note 1: The investing methods are categorized as follows:
1: Direct investment in companies in mainland China
2: Investment in companies in mainland China, which is made by a company incorporated via a third region
3: Others

Note 2: In the column:
1: This means the investee is under initial preparation and there were no gains or losses on investment.
2: The recognition of gains or losses on investment is based on:
(1) The financial statements audited by global accounting firms, which are affiliated with the accounting firms in the Republic of China
(2) The financial statements audited by the certified public accountant of the parent company in Taiwan
(3) Others

Note 3: The upper limit on investment in mainland China is calculated as \$148,588,507×60%=\$89,153,104.

Note 4: The paid-in capital of US\$6,670,000, which is self-funding of Nanomag International Co., Ltd., is invested in Topo Technology (Suzhou) Co., Ltd. through Stella International Co., Ltd., and the paid-in capital of US\$33,300,000 is earnings distributed in the third quarter of 2011. Thereafter, the amount of US\$33,300,000 is returned by capital reduction in the fourth quarter of 2014.

Note 5: The paid-in capital of US\$30,000,000 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., which were then reinvested in Topo Technology (Suzhou) Co., Ltd. Thereafter, the amount of US\$67,000,000 was returned by capital reduction in the first quarter of 2016.

Note 6: The paid-in capital of US\$106,000,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd., which were then invested in Meeeca Technology (Suzhou Industrial Park) Co., Ltd., and the paid-in capital of US\$16,670,000 is earnings distributed in the third quarter of 2011. The amount of US\$16,670,000 was returned by capital reduction in the fourth quarter of 2014 and the amount of US\$32,000,000 in the third quarter of 2016. Thereafter, the amount of US\$32,000,000 was returned by capital reduction in the second quarter of 2017, and the amount of US\$32,000,000 was returned by capital reduction in the third quarter of 2017.

Note 7: The paid-in capital of US\$5,001,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd., which were then invested in Catcher Technology (Suqian) Co., Ltd. The paid-in capital of US\$100,000,000 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., which were invested in Catcher Technology (Suqian) Co., Ltd. through Uranus International Co., Ltd.

Note 8: The paid-in capital of US\$16,670,000 is earnings distributed in the third quarter of 2011. Thereafter, the amount of US\$40,000,000 was returned by capital reduction in the second quarter of 2014, and due to dissolution, US\$10,010,000 of capital were returned in August 2016; the remaining amount of capital has not been wired back to Taiwan.

Note 9: The paid-in capital of RMB227,510,746 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., which were then invested in Topo Technology (Taizhou) Co., Ltd. On the other hand, US\$65,979,240 and RMB602,268,326 are earnings distributed from investees in mainland China to Nanomag International Co., Ltd., which were then invested in Topo Technology (Taizhou) Co., Ltd. via Lyra International Co., Ltd.

Note 10: The paid-in capital of US\$99,000,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Vito Technology (Suqian) Co., Ltd. via Uranus International Co., Ltd. The paid-in capital of US\$33,300,000 and RMB409,431,280 is earning distributed from Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Vito Technology (Suqian) Co., Ltd. through Uranus International Co., Ltd.

Note 11: The paid-in capital of US\$27,332,360 and RMB398,499,193 are earnings distributed from Catcher Technology (Suzhou) Co., Ltd. and Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Arcadia Technology (Suqian) Co., Ltd. through Norma International Co., Ltd. The paid-in capital of US\$89,970,000, which is the proceeds arising from the capital reduction of Catcher Technology (Suzhou) Co., Ltd., Topo Technology (Suzhou) Co., Ltd., and Meeeca Technology (Suzhou Industrial Park) Co., Ltd., was invested in Arcadia Technology (Suqian) Co., Ltd. through Norma International Co., Ltd. The paid-in capital of US\$21,501,167 is earning distributed from Catcher Technology (Suzhou) Co., Ltd. and Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Arcadia Technology (Suqian) Co., Ltd. through Norma International Co., Ltd.

Note 12: The paid-in capital of US\$17,610,861 and RMB529,989,796 are earnings distributed from Catcher Technology (Suzhou) Co., Ltd. and Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., which were then invested in Meeeca Technology (Taizhou) Co., Ltd. through Lyra International Co., Ltd. The paid-in capital of US\$20,000,000 and RMB284,660,400 are earnings and liquidation income distributed from Catcher Technology (Suzhou) Co., Ltd. and Meeeca Technology (Suzhou Industrial Park) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Meeeca Technology (Taizhou) Co., Ltd. through Lyra International Co., Ltd.

Note 13: The exchange rate on December 31, 2019 was US\$1:NT\$29.98.
The exchange rate on December 31, 2019 was RMB1:NT\$4.2975.

Note 14: WIT Technology (Taizhou) Co., Ltd. was dissolved in June 2012, and the remaining amount of capital has not been wired back to Taiwan.

Note 15: Sagitta International Co., Ltd. sold all of its shares of Chaohu Yunhai Magnesium Co., Ltd. in June 2016, and the remaining amount of capital has not been wired back to Taiwan.

Note 16: The paid-in capital of US\$71,010,000 and RMB\$ 188,956,820, which is the proceeds arising from returned capital of the liquidation from Catcher Technology (Suzhou) Co., Ltd. and the returned capital reduction from Topo Technology (Suzhou) Co., Ltd. and Meeeca Technology (Suzhou Industrial Park) Co., Ltd., is invested in Envio Technology (Suqian) Co., Ltd. through Norma International Co., Ltd.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount (Note 2)	Payment Terms	% of Total Sales Or Assets
0	Catcher Technology Co., Ltd.	Envio Technology (Suqian) Co., Ltd.	1	Purchases	\$ 1,084,515	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	1.18
		Arcadia Technology (Suqian) Co., Ltd.	1	Purchases	454,975	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	0.50
				Purchases of property, plant and equipment	242,487	The purchase prices were negotiated, net 120 days after month end close.	0.26
				Other payables to related parties	224,038		0.09
		Topo Technology (Taizhou) Co., Ltd.	1	Purchases	1,178,916	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	1.29
		Meecca Technology (Taizhou) Co., Ltd.	1	Purchases	373,006	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	0.41
				Sales	56,663	The sales prices have no comparison with those from third parties, net 30 to 120 days after month end close.	0.06
				Receivables from related parties	54,079		0.02
		Catcher Technology (Suqian) Co., Ltd.	1	Purchases	109,583	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	0.12
		Vito Technology (Suqian) Co., Ltd.	1	Purchases	568,932	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	0.62
				Purchases of property, plant and equipment	85,259	The purchase prices were negotiated, net 120 days after month end close.	0.09
		Yi De Co., Ltd.	1	Other payables to related parties	163,000		0.07
		Yi Sheng Co., Ltd.	1	Other payables to related parties	163,000		0.07
		Ke Yue Co., Ltd.	1	Other payables to related parties	600,000		0.25
		Next Level Ltd.	1	Purchases	46,416,886	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	50.66
				Sales	75,887	The sales prices have no comparison with those from third parties, net 30 to 120 days after month end close.	0.08
				Payables to related parties	5,266,287		2.17
1	Topo Technology (Suzhou) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	3	Receivables from related parties	74,373		0.03
				Other receivables from related parties	752,063		0.31
		Meecca Technology (Taizhou) Co., Ltd.	3	Other receivables from related parties	150,988		0.06
				Disposals of property, plant and equipment	140,851	The sales prices were negotiated, net 120 days after month end close.	0.15
2	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	3	Other receivables from related parties	128,925		0.05
		Topo Technology (Taizhou) Co., Ltd.	3	Processing income	75,622	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.08
		Meecca Technology (Taizhou) Co., Ltd.	3	Sales	299,827	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.33
				Disposals of property, plant and equipment	204,724	The sales prices were negotiated, net 120 days after month end close.	0.22
3	Catcher Technology (Suqian) Co., Ltd.			Receivables from related parties	299,731		0.12
				Other receivables from related parties	242,578		0.10
		Vito Technology (Suqian) Co., Ltd.	3	Other receivables from related parties	279,338		0.11
		Aquila Technology (Suqian) Co., Ltd.	3	Purchases	190,577	The purchase prices were not different from third parties, net 120 days after month end close.	0.21
				Payables to related parties	116,613		0.05
		Envio Technology (Suqian) Co., Ltd.	3	Purchases	224,457	The purchase prices were not different from third parties, net 120 days after month end close.	0.24
				Sales	542,243	The sales prices were not different from third parties, net 120 days after month end close.	0.59
				Processing income	55,452	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.06
				Receivables from related parties	278,274		0.11
				Payables to related parties	104,776		0.04

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
4	Aquila Technology (Suqian) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	3	Processing income	\$ 71,950	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.08
				Purchases	93,067	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.10
		Topo Technology (Taizhou) Co., Ltd.	3	Other receivables from related parties	3,137,175		1.29
				Payables to related parties	55,978		0.02
		Meecca Technology (Taizhou) Co., Ltd.	3	Interest income	154,838		0.17
				Other receivables from related parties	429,750		0.18
			3	Processing income	116,207	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.13
				Interest income	57,193		0.06
		Vito Technology (Suqian) Co., Ltd.	3	Other receivables from related parties	1,524,075		0.63
				Other receivables from related parties	55,339		0.02
			3	Processing expense	205,104	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.22
				Purchases	462,405	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.50
			3	Sales	716,720	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.78
				Processing income	626,320	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.68
			3	Purchases of property, plant and equipment	61,698	The purchase prices were negotiated, net 120 days after month end close.	0.07
				Other receivables from related parties	396,122		0.16
			3	Other payables to related parties	53,348		0.02
				Receivables from related parties	567,725		0.23
			3	Payables to related parties	117,279		0.05
				Other receivables from related parties	3,395,025		1.40
		Next Level Ltd.	3	Sales	416,172	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.45
		Topo Technology (Taizhou) Co., Ltd.	3	Sales	84,931	The sales prices were not different from third parties, net 120 days after month end close.	0.09
				Receivables from related parties	52,822		0.02
		Meecca Technology (Taizhou) Co., Ltd.	3	Sales	76,423	The sales prices were not different from third parties, net 120 days after month end close.	0.08
				Receivables from related parties	50,519		0.02
		Vito Technology (Suqian) Co., Ltd.	3	Sales	136,941	The sales prices were not different from third parties, net 120 days after month end close.	0.15
				Receivables from related parties	106,661		0.04
5	Topo Technology (Taizhou) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	3	Purchases of property, plant and equipment	53,359	The purchase prices were negotiated, net 120 days after month end close.	0.06
				Purchases	89,441	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.10
			3	Processing income	119,580	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.13
				Sales	280,792	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.31
			3	Receivables from related parties	160,294		0.07
				Purchases	960,925	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	1.05
			3	Processing expense	85,335	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.09
				Sales	1,240,485	The sales prices were not different from third parties, net 30 to 90 days after month end close.	1.35
			3	Processing income	815,754	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.89
				Disposals of property, plant and equipment	63,400	The sales prices were negotiated, net 120 days after month end close.	0.07
		Meecca Technology (Taizhou) Co., Ltd.	3	Receivables from related parties	1,173,525		0.48
				Other receivables from related parties	556,895		0.23
				Payables to related parties	433,866		0.18

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
6	Vito Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	3	Processing expense	\$ 80,734	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.09
				Processing income	66,000	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.07
				Purchases	367,273	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.40
				Sales	291,546	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.32
		Next Level Ltd.	3	Receivables from related parties	104,193		0.04
				Payables to related parties	154,896		0.06
		Envio Technology (Suqian) Co., Ltd.	3	Sales	23,027,287	The sales prices were not different from third parties, net 30 to 90 days after month end close.	25.13
				Receivables from related parties	10,081,462		4.15
				Sales	91,054	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.10
				Processing income	393,724	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.43
		Arcadia Technology (Suqian) Co., Ltd.	3	Other receivables from related parties	149,856		0.06
				Sales	93,522	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.10
				Processing expense	294,686	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.32
				Processing income	353,028	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.39
7	Meeca Technology (Taizhou) Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	3	Other receivables from related parties	103,834		0.04
				Other payables to related parties	73,109		0.03
				Sales	620,923	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.68
				Processing income	215,400	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.24
		Next Level Ltd.	3	Receivables from related parties	259,300		0.11
				Sales	5,240,761	The sales prices were not different from third parties, net 30 to 90 days after month end close.	5.72
		Arcadia Technology (Suqian) Co., Ltd.	3	Receivables from related parties	1,970,101		0.81
				Processing expense	275,741	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.30
				Purchases	1,475,169	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	1.61
				Sales	193,392	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.21
		Next Level Ltd.	3	Receivables from related parties	207,418		0.09
				Other payables to related parties	80,529		0.03
				Payables to related parties	1,569,687		0.65
				Sales	10,611,457	The sales prices were not different from third parties, net 30 to 90 days after month end close.	11.58
8	Envio Technology (Suqian) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	3	Payables to related parties	74,498		0.03
				Receivables from related parties	5,764,068		2.37
				Processing expense	98,516	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.11
		Vito Technology (Suqian) Co., Ltd.	3	Other receivables from related parties	214,875		0.09
				Other receivables from related parties	601,650		0.25
				Sales	4,283,834	The sales prices were not different from third parties, net 30 to 90 days after month end close.	4.68
9	Arcadia Technology (Suqian) Co., Ltd.	Next Level Ltd.	3	Receivables from related parties	1,039,882		0.43
				Sales	2,837,375	The sales prices were not different from third parties, net 30 to 90 days after month end close.	3.10
10	Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	3	Receivables from related parties	315,482		0.13
				Interest income	55,613		0.06
				Other receivables from related parties	2,998,000		1.23

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
11	Gigamag Co., Ltd.	Next Level Ltd.	3	Other receivables from related parities	2,998,000		1.23
12	Next Level Ltd.	Cygnus International Co., Ltd.	3	Other receivables from related parities	2,998,000		1.23
13	Norma International Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	3	Other receivables from related parities	599,600		0.25
14	Uranus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	3	Other receivables from related parities	5,096,600		2.10
		Meeca Technology (Taizhou) Co., Ltd.	3	Other receivables from related parities	2,998,000		1.23

(Concluded)

Note 1: No. 1 Represents transactions from parent company to subsidiaries.
No. 2 Represents transactions from subsidiaries to parent company.
No. 3 Represents transactions among subsidiaries.

Note 2: Written off at the time of preparing the consolidated financial report

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Miscellaneous Equipment	Leasehold Improvement	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>									
Balance at January 1, 2018	\$ 2,179,324	\$ 22,590,520	\$ 68,808,999	\$ 158,694	\$ 2,525,499	\$ 3,533,278	\$ 282	\$ 1,472,764	\$ 101,269,360
Additions	-	828,193	6,108,444	29,419	335,473	867,066	-	1,725,306	9,893,901
Disposals	-	(28,317)	(497,171)	(1,673)	(14,312)	(290,868)	-	-	(832,341)
Reclassification	-	1,616,791	1,818,886	260	1,180	36,719	-	(2,397,483)	1,076,353
Effect of foreign currency exchange differences	-	(381,338)	(1,581,954)	(2,199)	(43,890)	(60,016)	(5)	(17,195)	(2,086,597)
Balance at December 31, 2018	<u>\$ 2,179,324</u>	<u>\$ 24,625,849</u>	<u>\$ 74,657,204</u>	<u>\$ 184,501</u>	<u>\$ 2,803,950</u>	<u>\$ 4,086,179</u>	<u>\$ 277</u>	<u>\$ 783,392</u>	<u>\$ 109,320,676</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2018	\$ -	\$ 5,849,920	\$ 40,232,383	\$ 87,297	\$ 1,216,662	\$ 1,816,528	\$ 89	\$ -	\$ 49,202,879
Depreciation	-	1,463,525	9,402,534	23,835	453,540	823,407	56	-	12,166,897
Disposals	-	(27,748)	(469,746)	(1,328)	(13,347)	(282,454)	-	-	(794,623)
Reclassification	-	(382,148)	-	-	-	-	-	-	(382,148)
Effect of foreign currency exchange differences	-	(109,817)	(971,943)	(1,127)	(23,118)	(30,721)	(2)	-	(1,136,728)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 6,793,732</u>	<u>\$ 48,193,228</u>	<u>\$ 108,677</u>	<u>\$ 1,633,737</u>	<u>\$ 2,326,760</u>	<u>\$ 143</u>	<u>\$ -</u>	<u>\$ 59,056,277</u>
Carrying amounts at December 31, 2018	<u>\$ 2,179,324</u>	<u>\$ 17,832,117</u>	<u>\$ 26,463,976</u>	<u>\$ 75,824</u>	<u>\$ 1,170,213</u>	<u>\$ 1,759,419</u>	<u>\$ 134</u>	<u>\$ 783,392</u>	<u>\$ 50,264,399</u>
<u>Cost</u>									
Balance at January 1, 2019	\$ 2,179,324	\$ 24,625,849	\$ 74,657,204	\$ 184,501	\$ 2,803,950	\$ 4,086,179	\$ 277	\$ 783,392	\$ 109,320,676
Additions	-	334,872	676,378	19,862	39,584	1,188,478	-	391,142	2,650,316
Disposals	-	(15,724)	(101,004)	(3,156)	(7,009)	(214,060)	-	-	(340,953)
Reclassification	-	897,123	1,969,857	3,575	3,559	72,266	-	(902,783)	2,043,597
Effect of foreign currency exchange differences	-	(915,279)	(2,657,340)	(5,953)	(100,093)	(177,326)	(11)	(6,974)	(3,862,976)
Balance at December 31, 2019	<u>\$ 2,179,324</u>	<u>\$ 24,926,841</u>	<u>\$ 74,545,095</u>	<u>\$ 198,829</u>	<u>\$ 2,739,991</u>	<u>\$ 4,955,537</u>	<u>\$ 266</u>	<u>\$ 264,777</u>	<u>\$ 109,810,660</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2019	\$ -	\$ 6,793,732	\$ 48,193,228	\$ 108,677	\$ 1,633,737	\$ 2,326,760	\$ 143	\$ -	\$ 59,056,277
Depreciation	-	1,596,111	8,930,853	27,268	439,407	957,614	55	-	11,951,308
Disposals	-	(3,601)	(95,015)	(2,533)	(6,515)	(213,928)	-	-	(321,592)
Effect of foreign currency exchange differences	-	(315,821)	(1,693,839)	(3,379)	(67,992)	(90,809)	(7)	-	(2,171,847)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 8,070,421</u>	<u>\$ 55,335,227</u>	<u>\$ 130,033</u>	<u>\$ 1,998,637</u>	<u>\$ 2,979,637</u>	<u>\$ 191</u>	<u>\$ -</u>	<u>\$ 68,514,146</u>
Carrying amounts at December 31, 2019	<u>\$ 2,179,324</u>	<u>\$ 16,856,420</u>	<u>\$ 19,209,868</u>	<u>\$ 68,796</u>	<u>\$ 741,354</u>	<u>\$ 1,975,900</u>	<u>\$ 75</u>	<u>\$ 264,777</u>	<u>\$ 41,296,514</u>

Catcher Technology Co., Ltd. and Subsidiaries

Catcher Technology Co., Ltd.

Financial Statements for the
Years Ended December 31, 2019 and 2018 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Catcher Technology Co., Ltd.

Opinion

We have audited the accompanying financial statements of Catcher Technology Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. We conducted our audit of the financial statements for the year ended December 31, 2018 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2019 is as follows:

As stated in Notes 4(e), 5(a) and 11 to the accompanying financial statements, as of December 31, 2019, the Company's net inventory amounted to NT\$6,074,275 thousand (net of obsolescence loss of NT\$885,838 thousand). Such inventory loss represents approximately 13% of the total inventory. The Company operates in a fast-changing industry whereby developments in product technology and market demand may result in slow moving or obsolete inventory. Because the evaluation of inventory impairment and obsolescence loss involves management's material estimations, we deemed such valuation to be a key audit matter.

The main audit procedures that we performed in regard of this key audit matter include:

- (1) We determined the appropriateness of the Company's methodology for the evaluation of inventory impairment and obsolescence loss based on our understanding of the business and industry, coupled with our understanding of the nature and aging of the inventory.*
- (i) We obtained the valuation report of the net realizable value of the inventory and assessed the reasonableness of the inventory valuation by sample-selecting inventory items and comparing their carrying amounts to the latest sales prices.*

Other Matter

We did not audit the financial statements for the year ended December 31, 2018 of one associate, Sinher Technology Co., Ltd. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts for this associate, was based solely on the report of other auditors. The amount of the equity method investment in the abovementioned associate was NT\$0 thousand, or 0% of the Company's total assets as of December 31, 2018. The Company's share of the comprehensive income recognized under the equity method was NT\$30,638 thousand, or 0.11% of the Company's comprehensive income, for the year ended December 31, 2018.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Company's financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied

with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chi Chen Lee and Chun Chi Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 10, 2020

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

CATCHER TECHNOLOGY CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	December 31, 2019		December 31, 2018	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 13,553,816	6	\$ 12,499,640	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	324,380	-	341,864	-
Financial assets at amortized cost - current (Notes 4 and 9)	34,859,286	16	59,457,368	24
Notes receivable (Notes 4 and 10)	-	-	33	-
Trade receivables (Notes 4 and 10)	14,025,019	6	11,112,607	5
Trade receivables from related parties (Notes 4 and 30)	128,452	-	-	-
Other receivables (Notes 4 and 10)	257,708	-	437,864	-
Other receivables from related parties (Notes 4 and 30)	6,493	-	105,636	-
Current tax assets (Notes 4 and 26)	23,503	-	-	-
Inventories (Notes 4, 5, 11 and 31)	6,074,275	3	10,524,943	4
Prepayments for leases (Note 17)	-	-	1,291	-
Other current assets (Note 18)	86,146	-	60,962	-
Total current assets	69,339,078	31	94,542,208	38
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	89,295	-	64,980	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	994	-	874	-
Investments accounted for using the equity method (Notes 4 and 12)	148,258,024	66	143,142,073	59
Property, plant and equipment (Notes 4, 13, 30 and 31)	7,580,644	3	6,896,206	3
Right-of-use assets (Notes 4, 5 and 14)	158,373	-	-	-
Investment properties (Notes 4 and 15)	229,144	-	234,161	-
Intangible assets (Notes 4 and 16)	46,272	-	53,411	-
Deferred tax assets (Notes 4 and 26)	666,510	-	553,197	-
Long-term prepayments for leases (Note 17)	-	-	360	-
Other non-current assets (Note 18)	40,516	-	79,274	-
Total non-current assets	157,069,772	69	151,024,536	62
TOTAL	\$ 226,408,850	100	\$ 245,566,744	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 65,894,246	29	\$ 64,738,000	26
Contract liabilities - current (Notes 4 and 24)	20,930	-	20,169	-
Trade payables (Note 20)	853,984	-	469,581	-
Trade payables to related parties (Notes 20 and 30)	5,317,455	2	21,013,338	9
Other payables (Note 21)	4,457,293	2	5,046,080	2
Other payables - related parties (Note 30)	1,167,198	1	970,370	-
Current tax liabilities (Notes 4 and 26)	-	-	1,526,952	1
Lease liabilities - current (Notes 4, 5 and 14)	26,681	-	-	-
Other current liabilities (Note 21)	25,502	-	508,382	-
Total current liabilities	77,763,289	34	94,292,872	38
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4, 5 and 26)	39,149	-	36,897	-
Lease liabilities - non-current (Notes 4, 5 and 14)	130,186	-	-	-
Net defined benefit liabilities - non-current (Notes 4 and 22)	6,558	-	6,552	-
Other non-current liabilities (Note 21)	6,955	-	11,110	-
Total non-current liabilities	182,848	-	54,559	-
Total liabilities	77,946,137	34	94,347,431	38
EQUITY (Note 23)				
Share capital - ordinary shares	7,703,911	3	7,703,911	3
Capital surplus	20,237,791	9	20,238,740	9
Retained earnings				
Legal reserve	18,404,919	8	15,607,700	6
Special reserve	7,410,317	4	6,207,055	3
Unappropriated earnings	106,894,281	47	108,872,223	44
Total retained earnings	132,709,517	59	130,686,978	53
Other equity	(12,188,506)	(5)	(7,410,316)	(3)
Total equity	148,462,713	66	151,219,313	62
TOTAL	\$ 226,408,850	100	\$ 245,566,744	100

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

(With Deloitte & Touche auditors' report dated March 10, 2020)

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 24 and 30)	\$64,460,760	100	\$66,951,051	100
OPERATING COSTS (Notes 11, 22, 25 and 30)	<u>60,787,054</u>	<u>94</u>	<u>58,557,466</u>	<u>88</u>
GROSS PROFIT	<u>3,673,706</u>	<u>6</u>	<u>8,393,585</u>	<u>12</u>
OPERATING EXPENSES (Notes 22 and 25)				
Selling and marketing expenses	175,678	-	121,280	-
General and administrative expenses	335,950	1	262,981	-
Research and development expenses	<u>667,318</u>	<u>1</u>	<u>499,716</u>	<u>1</u>
Total operating expenses	<u>1,178,946</u>	<u>2</u>	<u>883,977</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>2,494,760</u>	<u>4</u>	<u>7,509,608</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES (Note 25)				
Interest income	1,730,354	3	1,683,525	3
Other income	37,693	-	9,213	-
Foreign exchange gains (losses), net	(1,026,836)	(2)	2,742,899	4
Other gains and losses	(17,682)	-	97,730	-
Interest expenses	(419,037)	(1)	(381,291)	(1)
Share of profit of subsidiaries and associates	<u>9,795,856</u>	<u>15</u>	<u>19,216,867</u>	<u>29</u>
Total non-operating income and expenses	<u>10,100,348</u>	<u>15</u>	<u>23,368,943</u>	<u>35</u>
PROFIT BEFORE INCOME TAX	12,595,108	19	30,878,551	46
INCOME TAX EXPENSE (Notes 4 and 26)	<u>1,322,984</u>	<u>2</u>	<u>2,906,363</u>	<u>4</u>
NET PROFIT	<u>11,272,124</u>	<u>17</u>	<u>27,972,188</u>	<u>42</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 23)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	24,315	-	(8,520)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method				
Remeasurement of defined benefit plans	-	-	5	-

(Continued)

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Shares of other equity of subsidiaries	\$ (55,653)	-	\$ 676,843	1
	<u>(31,338)</u>	<u>-</u>	<u>668,328</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(4,746,852)	(7)	(1,197,870)	(2)
Share of the other comprehensive loss of subsidiaries and associates accounted for using the equity method	-	-	3,129	-
	<u>(4,746,852)</u>	<u>(7)</u>	<u>(1,194,741)</u>	<u>(2)</u>
Other comprehensive loss for the year, net of income tax	<u>(4,778,190)</u>	<u>(7)</u>	<u>(526,413)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,493,934</u>	<u>10</u>	<u>\$27,445,775</u>	<u>41</u>
EARNINGS PER SHARE (Note 27)				
Basic	<u>\$ 14.63</u>		<u>\$ 36.31</u>	
Diluted	<u>\$ 14.53</u>		<u>\$ 35.87</u>	

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

(With Deloitte & Touche auditors' report dated March 10, 2020)

(Concluded)

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	Retained Earnings					Other Equity		
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2018	\$ 7,703,911	\$ 20,270,956	\$ 13,423,375	\$ 2,487,529	\$ 95,371,730	\$ (6,207,055)	\$ -	\$ 133,050,446
Appropriation of the 2017 earnings (Note 23)								
Legal reserve	-	-	2,184,325	-	(2,184,325)	-	-	-
Special reserve	-	-	-	3,719,526	(3,719,526)	-	-	-
Cash dividends distributed by the Company - 120%	-	-	-	-	(9,244,692)	-	-	(9,244,692)
Changes in capital surplus from donations from shareholders	-	305	-	-	-	-	-	305
Changes in capital surplus from investments in associates accounted for using the equity method	-	995	-	-	-	-	-	995
Net profit for the year ended December 31, 2018	-	-	-	-	27,972,188	-	-	27,972,188
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	5	(1,194,741)	668,323	(526,413)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	27,972,193	(1,194,741)	668,323	27,445,775
Disposals of investments accounted for using the equity method (Note 12)	-	(33,516)	-	-	-	-	-	(33,516)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	676,843	-	(676,843)	-
BALANCE AT DECEMBER 31, 2018	7,703,911	20,238,740	15,607,700	6,207,055	108,872,223	(7,401,796)	(8,520)	151,219,313
Appropriation of the 2018 earnings (Note 23)								
Legal reserve	-	-	2,797,219	-	(2,797,219)	-	-	-
Special reserve	-	-	-	1,203,262	(1,203,262)	-	-	-
Cash dividends distributed by the Company - 120%	-	-	-	-	(9,244,692)	-	-	(9,244,692)
Changes in capital surplus from donations from shareholders	-	473	-	-	-	-	-	473
Net profit for the year ended December 31, 2019	-	-	-	-	11,272,124	-	-	11,272,124
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(4,746,852)	(31,338)	(4,778,190)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	11,272,124	(4,746,852)	(31,338)	6,493,934
Subscription for additional new shares of the investee at a percentage different from its existing ownership percentage	-	(1,422)	-	-	(4,893)	-	-	(6,315)
BALANCE AT DECEMBER 31, 2019	\$ 7,703,911	\$ 20,237,791	\$ 18,404,919	\$ 7,410,317	\$ 106,894,281	\$ (12,148,648)	\$ (39,858)	\$ 148,462,713

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

(With Deloitte & Touche auditors' report dated March 10, 2020)

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,595,108	\$ 30,878,551
Adjustments for:		
Depreciation expenses	926,864	828,213
Amortization expenses	45,594	7,195
Loss on financial instruments at fair value through profit or loss	17,484	29,039
Amortization of prepayments for leases	-	1,082
Interest expenses	419,037	381,291
Interest income	(1,730,354)	(1,683,525)
Dividend income	(26,040)	-
Share of profit of subsidiaries and associates	(9,795,856)	(19,216,867)
Gain on disposals of property, plant and equipment	(3,957)	(35,844)
Gain on disposals of investments	-	(127,279)
Write-down of inventories	5,898	-
Unrealized gain on transactions with subsidiaries	-	639,508
Unrealized (gain) loss on foreign currency exchange	889,195	(545,671)
Changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	-	45,110
Notes receivable	33	(33)
Trade receivables	(3,090,252)	10,285,675
Trade receivables - related parties	(132,550)	32,396
Other receivables	(11,701)	(29,321)
Other receivables - related parties	99,414	1,423,278
Inventories	4,444,770	(7,031,109)
Other current assets	(30,679)	1,041,535
Contract liabilities	761	(225,265)
Trade payables	399,537	104,608
Trade payables - related parties	(15,760,281)	(9,067,116)
Other payables	(1,301,039)	(1,259,556)
Other payables - related parties	3,734	5,614
Other current liabilities	(482,880)	(676,474)
Net defined benefit liabilities	6	1
Other non-current liabilities	(80)	10
Cash generated from (used in) operations	(12,518,234)	5,805,046
Dividends received	631,829	24,741
Income tax paid	(2,984,500)	(3,040,905)
Net cash generated from (used in) operating activities	<u>(14,870,905)</u>	<u>2,788,882</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(15,000)
Purchase of financial assets at amortized cost	(207,371,360)	(262,614,500)
Proceeds from disposals of financial assets at amortized cost	231,306,075	264,547,796
Acquisitions of investments accounted for using the equity method	(28,340)	(1,728,660)

(Continued)

CATCHER TECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Net cash inflow on disposal of associates	\$ -	\$ 219,003
Acquisitions of property, plant and equipment	(1,321,095)	(1,620,929)
Proceeds from disposals of property, plant and equipment	6,368	1,259
Increase in refundable deposits	(120)	-
Decrease in refundable deposits	-	101
Acquisitions of other intangible assets	(33,778)	(54,676)
Acquisitions of investment properties	(930)	(297)
Interest received	<u>1,921,710</u>	<u>1,500,804</u>
Net cash generated from investing activities	<u>24,478,530</u>	<u>234,901</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	292,578,216	243,784,401
Repayments of short-term borrowings	(291,421,970)	(227,077,205)
Proceeds from guarantee deposits received	1,120	3,842
Refunds of guarantee deposits received	(5,195)	(13,600)
Increase in other payables - related parties	926,000	1,908,399
Decrease in other payables - related parties	(958,830)	(949,569)
Repayment of the principal portion of lease liabilities	(8,587)	-
Cash dividends paid	(9,244,692)	(9,244,692)
Interest paid	<u>(419,511)</u>	<u>(383,297)</u>
Net cash generated from (used in) financing activities	<u>(8,553,449)</u>	<u>8,028,279</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,054,176	11,052,062
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>12,499,640</u>	<u>1,447,578</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$13,553,816</u>	<u>\$12,499,640</u>

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

(With Deloitte & Touche auditors' report dated March 10, 2020)

(Concluded)

CATCHER TECHNOLOGY CO., LTD.

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Catcher Technology Co., Ltd. (the “Company”) was incorporated in November 1984 under the laws of the Republic of China (ROC). The Company mainly manufactures and sells aluminum and magnesium extrusion and stamping products and molds. It also provides leasing services.

The Company’s shares were listed and traded on the Taipei Exchange (formerly called the GreTai Securities Market) from November 1999 until September 2001, when the Company listed its shares on the Taiwan Stock Exchange (TWSE) under stock number “2474” and ceased listing and trading on the Taipei Exchange.

The Company increased its capital by listing its shares in the form of Global Depositary Receipts (GDRs) on the Luxembourg Stock Exchange (Euro MTF) in June 2011.

The standalone financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were published after being approved by the Company’s board of directors on March 10, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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- Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies:
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1) IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases on the standalone balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the standalone statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the standalone statements of cash flows, cash payments for the principal and portion of lease liabilities are classified within financing activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the standalone statements of cash flows. Leased assets and finance lease payables were recognized on the standalone balance sheets for contracts classified as finance leases.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. Except for the following practical expedient (b) which is applied, the Company applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

- a) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Company adjusts the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized on December 31, 2018, instead of assessing the impairment under IAS 36.

c) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

d) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

e) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 0.71%. The difference between the lease liabilities recognized and the future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 97,787 —
Undiscounted amounts on January 1, 2019	<u>\$ 97,787</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 92,208 —
Lease liabilities recognized on January 1, 2019	<u>\$ 92,208</u>

The Company as lessor

The Company does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Adjusted on January 1, 2019
Prepayments for leases - current	\$ 893	\$ (893)	\$ -
Prepayments for leases - non-current	1,442	(1,442)	-
Right-of-use assets	<u>-</u>	<u>92,208</u>	<u>92,208</u>
Total effect on assets	<u>\$ 2,335</u>	<u>\$ 89,873</u>	<u>\$ 92,208</u>
Lease liabilities - current	\$ -	\$ 6,688	\$ 6,688
Lease liabilities - non-current	<u>-</u>	<u>83,185</u>	<u>83,185</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 89,873</u>	<u>\$ 89,873</u>

2) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company applied the above amendments prospectively.

- b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IAS 1 and IAS 8 “Definition of material”

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. The concept of “obscuring” material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from “could influence” to “could reasonably be expected to influence”.

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- Except for the above impact, as of the date the standalone financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

●

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

Note: Unless stated otherwise, the IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

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- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
-
- The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.
-
- The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.
-
- Except for the above impact, as of the date the standalone financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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- The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
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b. Basis of preparation

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- The standalone financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.
-
- The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, are described as follows:
-

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for assets or liabilities.

-
- When preparing the standalone financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in the standalone financial statements.
-

c. Classification of current and non-current assets and liabilities

-
- Current assets include:
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- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

-
- Current liabilities include:
-

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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- Assets and liabilities that are not classified as current are classified as non-current.

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d. Foreign currencies

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- In preparing the standalone financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

-

- At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

-

- Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

-

- Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

-

- For the purpose of presenting standalone financial statements, assets and liabilities of a foreign operation (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollar at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

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e. Inventories

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- Inventories consist of raw materials, supplies, merchandise, finished goods, semi-finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost.

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f. Investment accounted for using equity method

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- The Company uses the equity method to account for its investments in subsidiaries and associates.

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1) Investment in subsidiaries

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

Profits or losses resulting from downstream transactions are eliminated in full only in the standalone financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the standalone financial statements only to the extent of

interests in the subsidiaries that are not related to the Company.

2) Investment in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's standalone financial statements only to the extent of interests in the associate that are not related to the Company.

g. Property, plant and equipment

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- Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss.
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- Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.
-
- Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.
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- On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.
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h. Investment properties

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- Investment properties are properties held to earn rentals and / or for capital appreciation. Investment properties also include land held for a currently undetermined future use.
-
- Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.
-
- On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.
-

i. Intangible assets

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- Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.
-
- On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.
-

j. Impairment of tangible and intangible assets and assets related to contract costs

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- At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
-
- The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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- Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.
-
- When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.
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k. Financial instruments

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- Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.
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- Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.
-

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the

manner described in Note 29.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and**
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.**

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, investments in debt instruments, accounts receivables at amortized cost, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and**
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.**

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;**
- ii) Breach of contract, such as a default;**
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or**
- iv) The disappearance of an active market for that financial asset because of financial difficulties.**

Cash equivalents include time deposits and repurchase agreements with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables) at the end of each reporting period.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI in its entirety, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

All the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Revenue recognition

- The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.
-
- Revenue from the sale of goods
-
- Revenue from the sale of goods comes from sales of metal casing. Sales of metal casing product are recognized as revenue when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods and the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, which is determined for export sales on the bases of the terms of the trade and for domestic sales on the bases of the acceptance date of the counterparty. Accounts receivable are recognized concurrently. Advance receipts are recognized as contract liabilities before the conditions of trade of the products are reached.
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- The Company does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

m. Leases

- 2019
-
- At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.
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1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the standalone balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the standalone balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.



- 2018

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- Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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- 1) The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

- 2) The Company as lessee

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

- 3) Leasehold land for own use

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

n. Borrowing costs

- Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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- Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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- Other than those stated above, all borrowing costs are recognized in profit or loss in the period in which they are incurred.

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o. Employee benefits

- 1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

- 2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

p. Taxation

- Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current years' tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle

the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty

a. Write-down of inventories

- The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Income taxes

- As of December 31, 2019 and 2018, for the purpose of expanding the Company's scale of operation continuously and supporting operating fund needs of overseas reinvestment company, the Company's management resolved that the unappropriated retained earnings of overseas subsidiaries as of December 31, 2019 will be used for permanent investment; this was approved by the board of directors on March 10, 2020. Therefore, no deferred tax liabilities were recognized on the subsidiaries' unappropriated earnings. If the retained earnings of overseas subsidiaries will be appropriated in the future, a material recognition of deferred tax liabilities may arise, which would be recognized in profit or loss for the period in which such appropriation takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	\$ 390	\$ 580
Deposits in banks	4,815,504	170,210
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	8,329,981	11,925,165
Repurchase agreements	<u>407,941</u>	<u>403,685</u>
	<u>\$ 13,553,816</u>	<u>\$ 12,499,640</u>

The range of interest rates of time deposits and repurchase agreements was as follows:

	December 31	
	2019	2018
Time deposits	2.2%-2.5 %	2.68%-3.25%
Repurchase agreements	2.8%-2.9%	3.15%-3.4%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic quoted shares	<u>\$ 324,380</u>	<u>\$ 341,864</u>

In 2017, the Company holds 9.998% of the ordinary shares of Sinher Technology Co., Ltd, and accounted for the investment as an associate. However, the term of the director has expired in June 2018. The Company was not able to exercise significant influences over Sinher Technology Co., Ltd. The Company holds the remaining interest as financial assets at fair value through profit or loss (refer to Note 12).

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments

	December 31	
	2019	2018
<u>Non-current</u>		
Domestic investments		
Unlisted shares		
Ordinary shares - Alpha Information Systems, Inc.	\$ 57,075	\$ 35,580
Ordinary shares - CDIB Capital Innovation Accelerator Co., Ltd.	<u>32,220</u>	<u>29,400</u>
	<u>\$ 89,295</u>	<u>\$ 64,980</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
<u>Current</u>		
Domestic investments		
Time deposits with original maturity of more than 3 months	\$ 34,791,029	\$ 59,388,907
Repurchase agreements	<u>68,257</u>	<u>68,461</u>
	<u>\$ 34,859,286</u>	<u>\$ 59,457,368</u>
<u>Non-current</u>		
Domestic investments		
Refundable deposits	<u>\$ 994</u>	<u>\$ 874</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 2.2%-2.8% and 2.58%-3.28% per annum as of December 31, 2019 and 2018, respectively.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	2018
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	<u>\$ -</u>	<u>\$ 33</u>
Notes receivable - operating	<u>\$ -</u>	<u>\$ 33</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 14,033,457	\$ 11,121,045
Less: Allowance for impairment loss	<u>(8,438)</u>	<u>(8,438)</u>
	<u>\$ 14,025,019</u>	<u>\$ 11,112,607</u>
Other receivables	<u>\$ 257,708</u>	<u>\$ 437,864</u>

a. Notes receivable

- The Company analyzed the notes receivable that were not past due based on the past due status, and the Company did not recognize an allowance for loss on notes receivable as of December 31, 2019 and 2018.

b. Trade receivables

-
- The average credit period of sales of goods was 30 to 180 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.
-
- The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.
-
- The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.
-
- The following table details the loss allowance of trade receivables based on the Company's provision matrix.

● December 31, 2019

	Not Past Due	Less than 60 Days	61 ~ 180 Days	Over 180 Days	Total
Expected credit loss rate	0%~0.06%	0.10%~2.00 %	4.17%~9.67 %	100%	
Gross carrying amount	\$ 14,014,999	\$ 18,377	\$ 9	\$ 72	\$ 14,033,457
Loss allowance (Lifetime ECLs)	<u>(8,355)</u>	<u>(11)</u>	<u>-</u>	<u>(72)</u>	<u>(8,438)</u>
Amortized cost	<u>\$ 14,006,644</u>	<u>\$ 18,366</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$14,025,019</u>

● December 31, 2018

	Not Past Due	Less than 60 Days	61 to 120 Days	Total
Expected credit loss rate	0%~0.08%	0.02%~0.13 %	0.28%~5.47 %	
Gross carrying amount	\$11,107,473			\$11,121,045
Loss allowance (Lifetime ECLs)	<u>(8,428)</u>	<u>(10)</u>	<u>-</u>	<u>(8,438)</u>
Amortized cost	<u>\$11,099,045</u>	<u>\$ 13,355</u>	<u>\$ 207</u>	<u>\$11,112,607</u>

●

- There is no movements of the loss allowance of trade receivables in 2019 and 2018.

●

c. Other receivables

●

- The Company analyzed other receivables that were not past due based on the past due status, and the Company did not recognize an allowance for loss on other receivables as of December 31, 2019 and 2018.

11. INVENTORIES

	December 31	
	2019	2018
Merchandise	\$ 18,255	\$ 1,955
Finished goods	5,293,039	10,069,409
Work-in-process and semi-finished goods	581,134	343,579
Raw materials and supplies	<u>181,847</u>	<u>110,000</u>
	<u>\$ 6,074,275</u>	<u>\$ 10,524,943</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was NT\$60,782,444 thousand and NT\$58,586,021 thousand, respectively.

The cost of goods sold for the year ended December 31, 2019 included inventory write-downs of NT\$5,898 thousand.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	\$ 148,245,729	\$ 143,142,073
Investments in associates	<u>12,295</u>	<u>-</u>
	<u>\$ 148,258,024</u>	<u>\$ 143,142,073</u>

a. Investments in subsidiaries

	December 31	
	2019	2018
Unlisted Shares		
Gigamag Co., Ltd.	\$ 29,159,305	\$ 26,390,730
Nanomag International Co., Ltd.	117,348,698	114,420,555
Ku Yue Co., Ltd.	1,137,264	1,512,259
Yi Sheng Co., Ltd.	300,231	409,183
Yi De Co., Ltd.	<u>300,231</u>	<u>409,346</u>
	<u>\$ 148,245,729</u>	<u>\$ 143,142,073</u>

●

Proportion of Ownership and Voting Rights	
December 31,	December 31,

	2019	2018
Gigamag Co., Ltd.	100%	100%
Nanomag International Co., Ltd.	100%	100%
Ku Yue Co., Ltd.	100%	100%
Yi Sheng Co., Ltd.	100%	100%
Yi De Co., Ltd.	100%	100%

●

- The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 was based on the subsidiaries' financial statements which have been audited for the same years.

b. Investments in associates

	December 31	
	2019	2018
Investments in associates		
Associates that are not individually material	\$ <u>12,295</u>	\$ <u>-</u>

●

- Aggregate information of associates that are not individually material was as follows:

●

	December 31	
	2019	2018
The Company's share of:		
Net profit	\$ (9,730)	\$ 18,546
Other comprehensive income (loss)	<u>-</u>	<u>3,134</u>
Total comprehensive income for the year	\$ <u>(9,730)</u>	\$ <u>21,680</u>

●

- In 2017, the Company held 7.3% of interests in Epileds Technology Inc., which was accounted for as investment in associate. In March 2018, the Company sold all of its interest in Epileds Technology Inc. to a third party for proceeds of NT\$177,201 thousand and lost its seat in the board of directors; thus the Company ceased to have significant influence. The gain on the transaction recognized in profit or loss was calculated as follows:

●

Proceeds of disposal	\$ 177,201
Plus: Reversing capital surplus	2,815
Less: Carrying amount of investment on the date of loss of significant influence	151,258
Less: Share of other comprehensive income of the associate	<u>30</u>
Gain recognized	\$ <u>28,728</u>

●

- In 2018, the Company disposed of shares of Sinher Technology Co., Ltd. Capital surplus as of December 31, 2018 decreased by NT\$2,812 thousand and the recognized gain on the disposal of investments for the years then ended was NT\$8,489 thousand.

●

- The Company held in 9.998% of equity interest of Sinher Technology Co., Ltd. that was originally accounted for using the equity method in 2017. The term of the director appointed by the Company expired in June 2018; thus, the Company was not able to exercise significant influence. The Company reclassified the remaining equity interest at fair value of NT\$416,012 thousand as financial assets at fair value through profit or loss. The gain on the transaction recognized in profit or loss was calculated as follows:

●	
The remaining investment at fair value	\$ 416,012
Plus: Reversing capital surplus	27,889
Less: Carrying amount of investment on the date of loss of significant influence	352,409
Less: Share of other comprehensive income of the associate	<u>1,430</u>
Gain recognized	<u>\$ 90,062</u>

-
- The share of net income and other comprehensive income from associates under equity method was accounted for based on the audited financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are used by the Company.

See Table 9 for the statements of changes in property, plant and equipment for the years ended December 31, 2019 and 2018.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20 - 50 years
Mechanical and electrical power equipment	5 years
Engineering systems	2 - 5 years
Machinery and equipment	2 - 10 years
Transportation equipment	5 years
Furniture and fixtures	2 - 5 years
Miscellaneous equipment	2 - 15 years

All of the Company's property, plant and equipment were not pledged as collateral.

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Land	\$ 148,812
Buildings	<u>9,561</u>
	<u>\$ 158,373</u>
●	
	For the Year Ended December 31 2019
Depreciation charge for right-of-use assets	
Land	\$ 4,300
Buildings	<u>5,115</u>
	<u>\$ 9,415</u>
Income from the subleasing of right-of-use assets (presented in other income)	<u>\$ (2,176)</u>
●	
● The amounts disclosed above with respect to the right-of-use assets do not include right-of-use assets that meet the definition of investment properties.	
●	

b. Lease liabilities - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Current	\$ 26,681
Non-current	<u>\$ 130,186</u>
●	
● Range of discount rate for lease liabilities was as follows:	
●	
	December 31, 2019
Land	0.71%
Buildings	0.71%

c. Material lease-in activities and terms

- The Company leases certain land and buildings for the use of plants and office spaces with lease terms of 3 to 50 years.
-
- The lease contract for land located in Taiwan specifies that lease payments will be adjusted every year on the basis of changes in the announced land value prices. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.
-

d. Subleases

-
- Sublease of right-of-use assets - 2019
-
- The Company subleases its right-of-use assets for office spaces in Taipei under operating leases with a lease term of 1 year to associate Yue-Kang Health Control Technology Inc.
-
- The maturity analysis of lease payments receivable under operating subleases was as follows:
-

	December 31, 2019
Year 1	<u>\$ 1,673</u>
●	
● <u>Sublease of lease arrangements under operating leases - 2018</u>	
●	
● The total future minimum sublease payment expected to be received under non-cancellable subleases on December 31, 2018 is \$1,624 thousand.	
●	

e. Other lease information

-
- Lease arrangements under operating leases for the leasing out of investment properties are set out in Notes 15.
-

- 2019

-

**For the Year
Ended
December 31
2019**

Expenses relating to short-term leases	\$ <u>422</u>
Total cash outflow for leases	\$ <u>(10,008)</u>

-

- The Company leases certain assets which qualify as short-term leases and certain assets which qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

-

- All lease commitments (the Company as a lessee) with lease terms commencing after the balance sheet dates are as follows:

-

December 31,
2019

Lease commitments

\$ 171,703

-

- 2018

-

- The future minimum lease payments of non-cancellable operating lease commitments are as follows:

-

**December 31,
2018**

Not later than 1 year	\$ 7,297
Later than 1 year and not later than 5 years	27,295
Later than 5 years	<u>63,195</u>
	<u>\$ 97,787</u>

15. INVESTMENT PROPERTIES

Cost

	Land	Buildings	Total
Balance at January 1, 2018	\$ 203,363	\$ 158,188	\$ 361,551
Additions	<u>-</u>	<u>297</u>	<u>297</u>

Balance at December 31, 2018	\$ 203,363	\$ 158,485	\$ 361,848
------------------------------	------------	------------	------------

Accumulated depreciation

Balance at January 1, 2018	\$ -	\$ 121,659	\$ 121,659
Depreciation	-	6,028	6,028

Balance at December 31, 2018	\$ -	\$ 127,687	\$ 127,687
------------------------------	------	------------	------------

Carrying amounts at December 31, 2018	\$ 203,363	\$ 30,798	\$ 234,161
---------------------------------------	------------	-----------	------------

(Continued)

Land	Buildings	Total
------	-----------	-------

Cost

Balance at January 1, 2019	\$ 203,363	\$ 158,485	\$ 361,848
Additions	-	930	930

Balance at December 31, 2019	\$ 203,363	\$ 159,415	\$ 362,778
------------------------------	------------	------------	------------

Accumulated depreciation

Balance at January 1, 2019	\$ -	\$ 127,687	\$ 127,687
Depreciation	-	5,947	5,947

Balance at December 31, 2019	\$ -	\$ 133,634	\$ 133,634
------------------------------	------	------------	------------

Carrying amounts at December 31, 2019	\$ 203,363	\$ 25,781	\$ 229,144
---------------------------------------	------------	-----------	------------

(Concluded)

The investment properties were leased out from May, 2017 to April, 2022. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 was as follows:

	December 31, 2019
Year 1	\$ 5,400
Year 2	5,400
Year 3	<u>1,800</u>
	<u>\$ 12,600</u>

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 are as follows:

	December 31, 2018
Not later than 1 year	\$ 14,500
Later than 1 year and not later than 5 years	<u>23,078</u>

\$ 37,578

The investment properties are depreciated by the straight-line method over their estimated useful lives as follows:

Main buildings	25 - 35 years
Elevators	15 years
Heat radiation systems	5 years

The fair value of the Company's investment properties as of December 31, 2018 was NT\$601,331 thousand. The fair value was determined based on the valuation methodology carried out by independent qualified professional appraisers of CCIS Real Estate Appraisers Firm, who are not connected to the Company, as of December 24, 2018. The fair value of land was measured using the sales comparison approach, and the fair value of buildings was measured using the cost comparison approach. The fair value of the investment properties remained the same as of December 31, 2019.

All of the Company's investment properties were not pledged as collateral.

16. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2018	\$ 49,153
Additions	<u>54,676</u>
Balance at December 31, 2018	<u>\$ 103,829</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2018	\$ 46,165
Amortization expense	<u>4,253</u>
Balance at December 31, 2018	<u>\$ 50,418</u>
Carrying amounts at December 31, 2018	<u>\$ 53,411</u>
<u>Cost</u>	
Balance at January 1, 2019	\$ 103,829
Additions	<u>33,778</u>
Balance at December 31, 2019	<u>\$ 137,607</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2019	\$ 50,418
Amortization expense	<u>40,917</u>
Balance at December 31, 2019	<u>\$ 91,335</u>
Carrying amounts at December 31, 2019	<u>\$ 46,272</u>

Computer software are amortized on a straight-line basis over 2-5 years estimated useful lives.

17. PREPAYMENTS FOR LEASES

	December 31, 2018
Current assets	\$ 1,291
Non-current assets	<u>360</u>
	<u><u>\$ 1,651</u></u>

In April 2000, the Company obtained the rights to use the land on which its buildings are situated under an agreement with Taiwan Sugar Corporation which will expire in 2050.

18. OTHER ASSETS

	December 31	
	2019	2018
<u>Current</u>		
Office supplies	\$ 53,836	\$ 49,330
Prepaid expenses	17,117	7,334
Prepayments to suppliers	12,425	-
Others	<u>2,768</u>	<u>4,298</u>
	<u><u>\$ 86,146</u></u>	<u><u>\$ 60,962</u></u>
<u>Non-current</u>		
Prepaid equipment	\$ 38,348	\$ 77,242
Others	<u>2,168</u>	<u>2,032</u>
	<u><u>\$ 40,516</u></u>	<u><u>\$ 79,274</u></u>

19. SHORT - TERM BORROWINGS

	December 31	
	2019	2018
<u>Unsecured borrowings</u>		
Bank unsecured loans	<u>\$ 65,894,246</u>	<u>\$ 64,738,000</u>

The range of interest rates of short-term borrowings was as follows:

	December 31	
	2019	2018
Bank unsecured loans	0.59%-0.72%	0.58%-0.865%

20. TRADE PAYABLES

All payables resulted from operating activities.

The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER LIABILITIES

	December 31	
	2019	2018
<u>Current</u>		
Other payables		
Payables for employees' compensation	\$ 3,271,750	\$ 3,647,543
Payables for salaries and bonuses	430,770	355,230
Payables for office supplies	257,128	268,419
Payables for purchases of equipment	93,855	98,276
Payables for rework cost	90,364	110,814
Payables for annual leave	79,484	57,698
Payables for labor and health insurance	48,507	38,266
Payables for utilities	28,499	21,745
Payables for pension	25,059	21,577
Remuneration of directors	16,444	16,892
Payables for shipping expenses	15,994	19,336
Payables for interest	12,474	12,000
Others	86,965	378,284
	<u>\$ 4,457,293</u>	<u>\$ 5,046,080</u>
Other liabilities		
Receipts under custody	\$ 19,911	\$ 504,858
Advance sales receipts	5,578	2,832
Others	13	692
	<u>\$ 25,502</u>	<u>\$ 508,382</u>
<u>Non-current</u>		
Other liabilities		
Guarantee deposits received	\$ 6,935	\$ 11,010
Others	20	100

\$ 6,955 \$ 11,110

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

-
- The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.
-

b. Defined benefit plans

-
- The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the ROC government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.
-
- The amounts included in the standalone balance sheets in respect of the Company's defined benefit plans were as follows:
-

	December 31	
	2019	2018
Present value of defined benefit obligation	\$ 78,352	\$ 74,967
Fair value of plan assets	<u>(71,794)</u>	<u>(68,415)</u>
Net defined benefit liabilities	<u>\$ 6,558</u>	<u>\$ 6,552</u>

-
- Movements in net defined benefit liabilities were as follows:
-

Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
--	--	--

Balance at January 1, 2018	\$ 70,851	\$ (64,300)	\$ 6,551
Service cost			
Current service cost	1,894	-	1,894
Net interest expense (income)	885	(814)	71
Recognized in profit or loss	<u>2,779</u>	<u>(814)</u>	<u>1,965</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,797)	(1,797)
Actuarial loss - changes in demographic assumptions	209	-	209
Actuarial loss - changes in financial assumptions	1,046	-	1,046
Actuarial gain - experience adjustments	542	-	542
Recognized in other comprehensive income	<u>1,797</u>	<u>(1,797)</u>	<u>-</u>
Contributions from the employer	-	(1,964)	(1,964)
Benefits paid	<u>(460)</u>	<u>460</u>	<u>-</u>
Balance at December 31, 2018	<u>74,967</u>	<u>(68,415)</u>	<u>6,552</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	\$ 1,967	\$ -	\$ 1,967
Net interest expense (income)	<u>843</u>	<u>(781)</u>	<u>62</u>
Recognized in profit or loss	<u>2,810</u>	<u>(781)</u>	<u>2,029</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,284)	(2,284)
Actuarial loss - changes in demographic assumptions	840	-	840
Actuarial loss - changes in financial assumptions	4,198	-	4,198
Actuarial gain - experience adjustments	<u>(2,754)</u>	<u>-</u>	<u>(2,754)</u>
Recognized in other comprehensive income	<u>2,284</u>	<u>(2,284)</u>	<u>-</u>
Contributions from the employer	-	(2,023)	(2,023)
Benefits paid	<u>(1,709)</u>	<u>1,709</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 78,352</u>	<u>\$ (71,794)</u>	<u>\$ 6,558</u>

● (Concluded)

●

- An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

●

	For the Year Ended December 31	
	2019	2018
Operating costs	\$ 1,321	\$ 1,306
Selling and marketing expenses	92	85
General and administrative expenses	400	370
Research and development expenses	<u>216</u>	<u>204</u>
	<u>\$ 2,029</u>	<u>\$ 1,965</u>

●

- Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

●

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

- The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2019	2018
Discount rate	0.8%	1.125%
Expected rate of salary increase	2%	2%

-
- If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would (decrease) increase as follows:

	December 31	
	2019	2018
Discount rate		
0.25% increase	\$ (1,378)	\$ (2,127)
0.25% decrease	\$ 3,400	\$ 2,201
Expected rate of salary increase		
0.25% increase	\$ 3,304	\$ 2,104
0.25% decrease	\$ (1,297)	\$ (2,044)

-
- The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2019	2018
Expected contributions to the plan for the next year	\$ 2,023	\$ 1,965
Average duration of the defined benefit obligation	11 years	12 years

23. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2019	2018

Number of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>770,391</u>	<u>770,391</u>
Shares issued	<u>\$ 7,703,911</u>	<u>\$ 7,703,911</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

A total of 23,000 thousand shares of the Company's authorized shares were reserved for the issuance of employee share options.

2) Global depositary receipts

In June 2011, the Company increased its capital by listing its shares in the form of Global Depositary Receipts (GDRs). Each GDR was issued at US\$32.84 and represented 5 ordinary shares. The Company issued 6,700 thousand units of GDRs, representing 33,500 thousand ordinary shares. The registration process has been completed.

As of December 31, 2019 and 2018, there were 728 thousand units and 574 thousand units of outstanding GDRs, equivalent to 3,638 thousand ordinary shares and 2,870 thousand ordinary shares, respectively.

b. Capital surplus

	December 31	
	2019	2018
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Arising from issuance of ordinary shares	\$ 7,460,295	\$ 7,460,295
Arising from conversion of bonds	12,775,052	12,775,052
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	1,422
Donations from shareholders	<u>2,444</u>	<u>1,971</u>
	<u>\$ 20,237,791</u>	<u>\$ 20,238,740</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

- The shareholders of the Company held their regular meeting on June 12, 2019 and resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each six months of the fiscal year.
-

- Under the dividends policy as set forth in the amended Articles, the proposal for profit distribution or offsetting of losses can be made at the end of each six months of the fiscal year, when the Company makes profit in the first half of the fiscal year, the profit should be appropriated as follows:

-

- 1) Pay taxes;
- 2) Offset against deficit, if any;
- 3) Estimate compensation of employees and remuneration of directors;
- 4) Appropriate 10% of the remaining profit as legal reserve, until the accumulated amount equals the Company's paid-in capital;
- 5) Reverse a special reserve in accordance with the laws or operating needs; and

6) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

●

- When the Company makes profit in a fiscal year, the profit should be appropriated as follows:

●

- 1) Pay taxes;
- 2) Offset against deficit, if any;
- 3) Estimate compensation of employees and remuneration of directors;
- 4) Appropriate 10% of the remaining profit as legal reserve, until the accumulated amount equals the Company's paid-in capital;
- 5) Reverse a special reserve in accordance with the laws or operating needs; and

6) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

●

- The Company is still in the growing stage and is continuing to expand its operating scale with due consideration of the viability of the economic situation. The board of directors shall be focusing on growing dividends in a stable manner when proposing the appropriation of annual earnings. However, cash dividends shall not be less than 10% of the total dividends, and cash dividends shall not be distributed if the dividends per share is less than NT\$0.5.

●

- Under the dividends policy as set forth in the Articles before the amendments, when the Company makes a profit in a fiscal year, the profit should be appropriated as follows:

●

- 1) Offset against deficit, if any;
- 2) Appropriate 10% of the remaining profit as legal reserve, until the accumulated amount equals the Company's paid-in capital;
- 3) Reverse a special reserve in accordance with the laws or operating needs; and
- 4) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting.

●

- For the policies on the distribution of the compensation of employees and remuneration of directors after the amendment, refer to "Compensation of employees and remuneration of directors" in Note 25(g).

●

- The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

●

- Per Order No. 1010012865 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs,” the Company should make provisions to or reversals from a special reserve.
-

- The appropriations of earnings for 2018 and 2017 were approved in the shareholders' meetings on June 12, 2019 and June 11, 2018, respectively. The appropriations and dividends per share were as follows:
-

	Appropriation of Earnings	
	For the Year Ended December 31	
	2018	2017
Legal reserve	\$ 2,797,219	\$ 2,184,325
Special reserve	\$ 1,203,262	\$ 3,719,526
Cash dividends	\$ 9,244,692	\$ 9,244,692
Cash dividends per share (NT\$)	\$ 12	\$ 12

d. Other equity items

- 1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ (7,401,796)	\$ (6,207,055)
Exchange differences on translating the financial statements of foreign operations	(4,746,852)	(1,197,870)
Share from associates accounted for using the equity method	-	1,477
Share from the disposal of associates accounted for using the equity method	-	1,652
Balance at December 31	\$ (12,148,648)	\$ (7,401,796)

- 2) Unrealized gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ (8,520)	\$ -
Unrealized gain/(loss) - equity instruments	24,315	(8,520)
Share from subsidiaries accounted for using the equity method	(55,653)	676,843
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to subsidiaries' disposal	-	(676,843)
Balance at December 31	\$ (39,858)	\$ (8,520)

24. REVENUE

	For the Year Ended December 31	
	2019	2018
Revenue from contracts with customers		
Revenue from the sale of metal casing	\$ 64,446,281	\$ 66,927,859
Rental income	<u>14,479</u>	<u>23,192</u>
	<u>\$ 64,460,760</u>	<u>\$ 66,951,051</u>

a. Contract information

-
- Revenue from sale of metal casing
-
- The Company sells metal casing to the customers. All goods are sold at respective fixed amounts as agreed in the contracts.
-

b. Contract balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 10)	<u>\$ 14,033,457</u>	<u>\$ 11,121,045</u>	<u>\$ 21,230,553</u>
Contract liabilities - current			
Sale of goods	<u>\$ 20,930</u>	<u>\$ 20,169</u>	<u>\$ 239,611</u>

25. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2019	2018
Dividend income	\$ 26,040	\$ -
Government grants	3,721	2,405
Recycling income	2,412	2,736
Others	<u>5,520</u>	<u>4,072</u>
	<u>\$ 37,693</u>	<u>\$ 9,213</u>

b. Other gains and losses

For the Year Ended December 31

	2019	2018
Gains on disposals of investments	\$ -	\$ 127,279
Fair value changes of financial assets mandatorily classified as at FVTPL	(17,484)	(29,039)
Others	<u>(198)</u>	<u>(510)</u>
	<u><u>\$ (17,682)</u></u>	<u><u>\$ 97,730</u></u>

c. Interest expense

	For the Year Ended December 31	
	2019	2018
Interest on bank loans	\$ 410,882	\$ 374,313
Interest on loans from related parties	7,156	6,978
Interest on lease liabilities	<u>999</u>	<u>-</u>
	<u><u>\$ 419,037</u></u>	<u><u>\$ 381,291</u></u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	\$ 864,834	\$ 785,892
Operating expenses	<u>62,030</u>	<u>42,321</u>
	<u><u>\$ 926,864</u></u>	<u><u>\$ 828,213</u></u>
An analysis of amortization by function		
Operating costs	\$ 32,109	\$ 4,878
Operating expenses	<u>13,485</u>	<u>2,317</u>
	<u><u>\$ 45,594</u></u>	<u><u>\$ 7,195</u></u>

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2019	2018
Direct operating expenses from investment properties generating rental income	<u><u>\$ 8,567</u></u>	<u><u>\$ 7,289</u></u>

f. Employee benefits expense

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits		
Salaries	\$ 2,963,247	\$ 2,273,909
Labor and health insurance	244,319	201,978
Remuneration of directors	17,441	17,850
Others	<u>190,882</u>	<u>149,776</u>
	<u><u>3,415,889</u></u>	<u><u>2,643,513</u></u>
Post-employment benefits		
Defined contribution plans	93,578	81,241
Defined benefit plans (Note 22)	<u>2,029</u>	<u>1,965</u>
	<u><u>95,607</u></u>	<u><u>83,206</u></u>
	<u><u>\$ 3,511,496</u></u>	<u><u>\$ 2,726,719</u></u>
An analysis of employee benefits expense by function		
Operating costs	\$ 2,836,432	\$ 2,222,643
Operating expenses	<u>6,75,064</u>	<u>504,076</u>
	<u><u>\$ 3,511,496</u></u>	<u><u>\$ 2,726,719</u></u>

g. Compensation of employees and remuneration of directors

- The Company accrued the compensation of employees and remuneration of directors at the rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2019 and 2018, which were approved by the Company's board of directors on March 10, 2020 and March 6, 2019, respectively, were as follows:

-
- Accrual rate
-

	For the Year Ended December 31	
	2019	2018
Compensation of employees	7.01%	5.63%
Remuneration of directors	0.12%	0.05%

-
- Amount
-

	For the Year Ended December 31			
	2019		2018	
	Cash	Shares	Cash	Shares
Compensation of employees	\$ 950,847	\$ -	\$ 1,844,383	\$ -
Remuneration of directors	16,444	-	16,892	-

-
- If there are changes in the amounts after the annual standalone financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.
-
- There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the standalone financial statements for the years ended December 31, 2018 and 2017.
-
- Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.
-

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2019	2018
Foreign exchange gains	\$ 6,550,981	\$ 5,327,632
Foreign exchange losses	<u>(7,577,817)</u>	<u>(2,584,733)</u>
	<u>\$ (1,026,836)</u>	<u>\$ 2,742,899</u>

26. INCOME TAXES

a. Income tax recognized in profit or loss

-
- Major components of income tax expense are as follows:
-

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current year	\$ 645,024	\$ 2,190,711
Income tax on unappropriated earnings	689,486	669,472
Adjustment for prior years	<u>99,535</u>	<u>99,792</u>
	<u>1,434,045</u>	<u>2,959,975</u>

(Continued)

	For the Year Ended December 31	
	2019	2018
Deferred tax		
In respect of the current year	\$ (111,061)	\$ 30,262
Adjustments to deferred tax attributable to changes in tax rates	<u>-</u>	<u>(83,874)</u>
	<u>(111,061)</u>	<u>(53,612)</u>
Income tax expense recognized in profit or loss	<u>\$ 1,322,984</u>	<u>\$ 2,906,363</u>
		(Concluded)

-
- A reconciliation of accounting profit and income tax expenses is as follows:
-

	For the Year Ended December 31	
	2019	2018
Profit before income tax	<u>\$ 12,595,108</u>	<u>\$ 30,878,551</u>
Income tax expense calculated at the statutory rate	\$ 2,519,021	\$ 6,175,710
Unrealized gains on investments	(1,959,173)	(3,843,373)
Nondeductible expenses in determining taxable income	587	1,278
Tax-exempt income	(5,208)	(25,295)
Additional income tax on unappropriated earnings	689,486	669,472
5-year tax-exempt income	(21,264)	(87,361)
Adjustments for prior years' tax	99,535	99,792
Effect of tax rate changes	-	(83,874)
Other	<u>-</u>	<u>14</u>
Income tax expense recognized in profit or loss	<u>\$ 1,322,984</u>	<u>\$ 2,906,363</u>

-
- The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings has been reduced from 10% to 5%.
-
- In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Company has already deducted the amount of capital expenditure from the unappropriated earnings in 2018 that was reinvested when calculating the tax on unappropriated earnings for the year ended December 2019.

b. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	<u>\$ 23,503</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ -</u>	<u>\$ 1,526,952</u>

c. Deferred tax assets and liabilities

- The movements of deferred tax assets and deferred tax liabilities were as follows:

-

- For the year ended December 31, 2019

-

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Provisions for losses on inventories	\$ 180,031	\$ 2,458	\$ 182,489
Impairment loss on property, plant and equipment	2,787	(2,614)	173
Unrealized sales returns	19,840	(18,583)	1,257
Defined benefit obligation	1,310	2	1,312
Payables for annual leave	11,800	4,097	15,897
Unrealized gain on disposals of property, plant and equipment	555	(232)	323
Unrealized intercompany profit	306,310	(83,629)	222,681
Other payables	4,578	(4,435)	143
Financial assets at fair value through profit or loss	5,646	3,497	9,143
Right - of - use assets	-	61	61
Unrealized foreign exchange losses	<u>20,340</u>	<u>212,691</u>	<u>233,031</u>
	<u>\$ 553,197</u>	<u>\$ 113,313</u>	<u>\$ 666,510</u>

Deferred tax liabilities

Temporary differences			
Depreciation differences	\$ 24,300	\$ 2,252	\$ 26,552
Reserves for land value increment tax	<u>12,597</u>	<u>-</u>	<u>12,597</u>
	<u>\$ 36,897</u>	<u>\$ 2,252</u>	<u>\$ 39,149</u>

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Provisions for losses on inventories	\$ 160,863	\$ 19,168	\$ 180,031
Impairment loss on property, plant and equipment	10,510	(7,723)	2,787
Unrealized sales returns	885	18,955	19,840
Defined benefit obligation	1,113	197	1,310
Payables for annual leave	9,039	2,761	11,800
Unrealized gain on disposals of property, plant and equipment	6,808	(6,253)	555

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Unrealized intercompany profit	\$ 215,811	\$ 90,499	\$ 306,310
Other payables	11,702	(7,124)	4,578
Financial assets at fair value through profit or loss	-	5,646	5,646
Unrealized foreign exchange losses	<u>100,836</u>	<u>(80,496)</u>	<u>20,340</u>
	<u>\$ 517,567</u>	<u>\$ 35,630</u>	<u>\$ 553,197</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Depreciation differences	\$ 42,282	\$ (17,982)	\$ 24,300
Reserves for land value increment tax	<u>12,597</u>	<u>-</u>	<u>12,597</u>
	<u>\$ 54,879</u>	<u>\$ (17,982)</u>	<u>\$ 36,897</u>
			(Concluded)

d. Information about tax exemptions

- As of December 31, 2019, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

-

Expansion of Construction Project	Tax-exemption Period
Five years tax-exempt expansion project approved under the Official Letter, No. 1020163631, issued by Tainan City Government	From January 1, 2016 to December 31, 2020

e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

-

- The taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized amounted to NT\$137,540,197 thousand and NT\$143,158,327 thousand as of December 31, 2019 and 2018, respectively.

-

f. Income tax assessments

-

- The tax returns of the Company through 2017 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2019	2018
Net profit for the year of the Company	<u>\$ 11,272,124</u>	<u>\$ 27,972,188</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares in computation of basic earnings per share	770,391	770,391
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>5,592</u>	<u>9,414</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>775,983</u>	<u>779,805</u>

Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. CAPITAL MANAGEMENT

The Company requires significant amounts of capital to build and expand its production facilities and equipment. The Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividends payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

-
- The carrying amounts of financial instruments that are not measured at fair value approximate their fair value recognized in the standalone financial statements; these financial instruments include cash and cash equivalents, financial assets at amortized cost, accounts receivable, other receivables, refundable deposits, short-term loans, accounts payable, other payables, and guarantee deposits received.
-

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Listed shares and emerging market shares	<u>\$ 324,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,380</u>
Financial assets at fair value through other comprehensive income				
Investments in equity instruments at financial assets at fair value through other comprehensive income				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,295</u>	<u>\$ 89,295</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Listed shares and emerging market shares	<u>\$ 341,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,864</u>
Financial assets at fair value through other comprehensive income				
Investments in equity instruments at financial assets at fair value through other comprehensive income				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,980</u>	<u>\$ 64,980</u>

2) Reconciliation of Level 3 fair value measurements of financial instruments

Financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2019	2018
Balance at January 1	\$ 64,980	\$ 58,500
Addition	-	15,000
Recognized in other comprehensive income (included in unrealized gain/loss on financial assets at financial assets at fair value through other comprehensive income)	<u>24,315</u>	<u>(8,520)</u>

Balance at December 31	\$ <u>89,295</u>	\$ <u>64,980</u>
------------------------	------------------	------------------

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of unlisted equity securities in the ROC was estimated using the market approach and based on the recent net equity. In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.

c. Categories of financial instruments

	December 31	
	2019	2018
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Mandatorily classified as at fair value through profit or loss	\$ 324,380	\$ 341,864
Financial asset at amortized cost (i)	62,831,768	83,614,022
Financial assets at fair value through other comprehensive income		
Equity instruments	89,295	64,980
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (ii)	77,697,111	92,248,379

(i) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables, other receivables and refundable deposits.

(ii) The balance includes financial liabilities measured at amortized cost, which comprise short-term loans, trade payables, other payables, and guarantee deposits received.

d. Financial risk management objectives and policies

- The Company's major financial instruments include equity and debt investments, trade receivables, trade payables, borrowings, and lease liabilities. The Company's Corporate Treasury function provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.
-
- The plans for material treasury activities are reviewed by board of directors in accordance with procedures required by relevant regulations or internal controls. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.
-

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other prices (see (c) below).

There have been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Company was mainly exposed to the United States dollars (USD).

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (NTD, the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign-currency denominated monetary items. A positive number below indicates an increase in profit before income tax that would result when the NTD weakens by 1% against the relevant currency. For a 1% strengthening of the NTD against the relevant currency, there would be an equal and opposite impact on profit before income tax and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2019	2018
Profit or loss	\$ 566,151	\$ 640,624

This was mainly attributable to the exposure on outstanding USD-denominated cash and cash equivalents, financial assets at amortized cost and receivables and payables which were not hedged at the end of the reporting period.

The Company's sensitivity to the USD decreased during the current period mainly due to the decrease in net assets denominated in USD. In management's opinion, the sensitivity analysis was unrepresentative of inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period. In addition, USD-denominated sales would increase or decrease with customers' orders and the amounts of investments.

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31
	2019
	2018

Fair value interest rate risk		
Financial assets	\$ 43,597,208	\$ 71,786,218
Financial liabilities	156,867	-
Cash flow interest rate risk		
Financial assets	4,815,504	170,210
Financial liabilities	65,894,246	64,738,000

Sensitivity analysis

The sensitivity analysis below was based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming that the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Company's profit before tax for the years ended December 31, 2019 and 2018 would have decreased/increased by NT\$61,079 thousand and NT\$64,568 thousand, respectively; the change would have been mainly attributable to the Company's exposure to interest rates on its variable-rate bank borrowings of cash flow.

The Company's sensitivity to interest rates decreased during the current period mainly due to the increase in variable rate financial assets.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by NT\$3,244 thousand and NT\$3,419 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which could cause a financial loss to the Company due to the failure of a counterparty to discharge an obligation, could at most amount to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The counterparties to the foregoing financial instruments are reputable business organizations. Management does not expect the Company's exposure to default by those parties to be material; ongoing credit evaluation is also performed on the financial condition of customers with whom the Company has accounts receivable.

Information on credit risk concentration as of December 31, 2019 and 2018 was as follows:

	December 31			
	2019		2018	
	Amount	%	Amount	%
Customer A	\$			
	10,378,389	74	\$8,344,938	75
Customer B	1,141,101	8	1,109,378	10
Customer C	981,450	7	22,117	-
Customer D	264,888	2	623,128	6

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company's operating funds and bank loan credit line are deemed sufficient to meet cash flow demands; therefore, liquidity risk is not considered to be significant.

a) Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table was drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2019

	Less than 3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$11,472,957	\$ 322,973	\$ 6,935	\$ -
Lease liabilities	1,298	26,372	22,309	121,382
Variable interest rate liabilities	<u>37,286,457</u>	<u>28,755,566</u>	<u>-</u>	<u>-</u>
	<u>\$48,760,712</u>	<u>\$29,104,911</u>	<u>\$ 29,244</u>	<u>\$ 121,382</u>

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 27,670</u>	<u>\$ 22,309</u>	<u>\$ 22,478</u>	<u>\$ 22,478</u>	<u>\$ 22,478</u>	<u>\$ 53,948</u>

December 31, 2018

	Less than 3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>			
Non-interest bearing	\$26,122,532	\$ 418,006	\$ 11,010
Variable interest rate liabilities	<u>43,188,826</u>	<u>22,633,431</u>	<u>-</u>
	<u>\$69,311,358</u>	<u>\$23,051,437</u>	<u>\$ 11,010</u>

The amounts included for variable interest rate instruments for both non-derivative financial assets and liabilities would change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31	
	2019	2018
Unsecured bank loan facilities		
Amount used	\$ 65,904,246	\$ 64,984,596
Amount unused	<u>14,119,854</u>	<u>15,991,329</u>
	<u>\$ 80,024,100</u>	<u>\$ 80,975,925</u>

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. The names of the related parties and their relationships with the Company

Related Party Name	Relationship
Meeca Technology (Suzhou Industrial Park) Co., Ltd. ("Meeca Suzhou")	Subsidiaries (100% of Indirect ownership)
Topo Technology (Taizhou) Co., Ltd. ("Topo Taizhou")	Subsidiaries (100% of Indirect ownership)
Topo Technology (Suzhou) Co., Ltd. ("Topo Suzhou")	Subsidiaries (100% of Indirect ownership)
Meeca Technology (Taizhou) Co., Ltd. ("Meeca Taizhou")	Subsidiaries (100% of Indirect ownership)
Catcher Technology (Suqian) Co., Ltd. ("Catcher Suqian")	Subsidiaries (100% of Indirect ownership)
Vito Technology (Suqian) Co., Ltd. ("Vito Suqian")	Subsidiaries (100% of Indirect ownership)
Arcadia Technology (Suqian) Co., Ltd. ("Arcadia Suqian")	Subsidiaries (100% of Indirect ownership)
Envio Technology (Suqian) Co., Ltd. ("Envio Suqian")	Subsidiaries (100% of Indirect ownership)
Aquila Technology (Suqian) Co., Ltd. ("Aquila Suqian")	Subsidiaries (75% of Indirect ownership)
Ke Yue Co., Ltd.	Subsidiaries (100% of Direct ownership)
Yi Sheng Co., Ltd.	Subsidiaries (100% of Direct ownership)
Yi De Co., Ltd.	Subsidiaries (100% of Direct ownership)
Yue-Kang Health Control Technology Inc.	Associates (45% of Direct ownership)
Epileds Technology Inc. (Note)	Associates (7.3% of ownership on December 31, 2017)
Next Level Ltd.	Subsidiaries (100% of Direct ownership)

Note: Epileds Technology Inc. was the Company's associates before March 31, 2018. The

amount of transactions and accounts' balance between the Company and Epileds Technology Inc. are disclosed until date of March 31, 2018.

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31	
		2019	2018
Revenue from sale of goods	Subsidiaries	\$ <u>132,550</u>	\$ <u>5,622</u>
Deduction of Costs	Subsidiaries	\$ <u>21,844</u>	\$ <u>146,144</u>

-
- The prices of goods sold to related parties do not have similar transactions to which they can be compared. The credit terms are 90 days after current month's closing for related parties and it was not significantly different from those with third parties.
-

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Subsidiaries		
Next Level Ltd.	\$ 46,416,886	\$ -
Topo Taizhou	1,178,916	19,724,213
Vito Suqian	568,932	15,542,612
Arcadia Suqian	454,975	16,378,077
Others	<u>1,570,762</u>	<u>9,215,926</u>
	<u>\$ 50,190,471</u>	<u>\$ 60,860,828</u>

-
- The prices of goods purchased from related parties do not have similar transactions to which they can be compared. The payment terms are 30 to 120 days after current month's closing for related parties and it was not significantly different from those with third parties.
-

d. Office supplies

Related Party Category	For the Year Ended December 31	
	2019	2018
Subsidiaries	\$ 23,431	\$ 27,095
Associates	<u>-</u>	<u>97</u>
	<u>\$ 23,431</u>	<u>\$ 27,192</u>

-
- The payment term is 30 to 120 days after current month's closing to related parties.
-

e. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2019	2018
Trade receivables from related parties	Subsidiaries	\$ <u>128,452</u>	\$ <u>-</u>

(Continued)

Line Item	Related Party Category/Name	December 31	
		2019	2018
Other receivables from related parties	Subsidiaries		
	Envio Suqian	\$ -	\$ 56,080
	Other	6,463	49,525
	Associates	<u>30</u>	<u>31</u>
		<u>\$ 6,493</u>	<u>\$ 105,636</u>
			● (Concluded)

●

- The outstanding accounts receivables from related parties are unsecured. No impairment loss was recognized for receivables from related parties for the year ended December 31, 2019 and 2018.

●

f. Payables to related parties (Excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2019	2018
Trade payables from related parties	Subsidiaries		
	Next Level Ltd.	\$ 5,266,287	\$ -
	Vito Suqian	45,706	6,416,251
	Arcadia Suqian	4,094	5,652,094
	Topo Taizhou	-	6,953,094
	Others	<u>1,368</u>	<u>1,991,899</u>
		<u>\$ 5,317,455</u>	<u>\$ 21,013,338</u>
Other payables from related parties	Subsidiaries	<u>\$ 241,198</u>	<u>\$ 11,540</u>

●

- The outstanding accounts payable to related parties are unsecured.

●

g. Acquisition of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31	
	2019	2018
Subsidiaries	<u>\$ 380,854</u>	<u>\$ 2,826</u>

●

- The purchase price is determined by the bargaining price. The payment term is 90 days after acceptance check.

●

h. Disposal of property, plant and equipment - 2018

Related Party Category	Proceeds	Gain on disposal
------------------------	----------	------------------

Subsidiaries \$ 791 \$ 791

●

- The proceeds price is determined by the bargaining price. The accumulated unrealized gain on disposal for the year ended December 31, 2019 and 2018 was NT\$1,617 thousand and NT\$2,775 thousand, respectively and deducted from Investments accounted for using the equity method.

●

i. Purchase of property, plant and equipment service

Related Party Category/Name	December 31, 2018
Subsidiaries	
Vito Suqian	\$ 2,791,104
Envio Suqian	751,033
Catcher Suqian	314,479
Meecca Taizhou	<u>8,156</u>
	<u>\$ 3,864,772</u>

●

- The credit terms are 90 days after current month's closing for related parties. The accumulated unrealized gain for the year ended December 31, 2019 and 2018 was NT\$1,113,404 thousand and NT\$1,531,549 thousand, respectively and deducted from Investments accounted for using the equity method.

●

j. Loans from related parties

Related Party Category/Name	December 31	
	2019	2018
Ke Yue Co., Ltd.	\$ 600,000	\$ 627,930
Yi Sheng Co., Ltd.	163,000	165,480
Yi De Co., Ltd.	<u>163,000</u>	<u>165,420</u>
	<u>\$ 926,000</u>	<u>\$ 958,830</u>

●

- Interest expense

●

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Ke Yue Co., Ltd.	\$ 4,648	\$ 4,748
Yi Sheng Co., Ltd.	1,254	1,115
Yi De Co., Ltd.	<u>1,254</u>	<u>1,115</u>
	<u>\$ 7,156</u>	<u>\$ 6,978</u>

●

- The interest rate to related parties is comparable to the market.

k. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 57,530	\$ 228,294
Post-employment benefits	<u>35,371</u>	<u>27,245</u>
	<u>\$ 92,901</u>	<u>\$ 255,539</u>

-
- The remuneration of directors and key executives are determined by the remuneration committee with regard to the performance of individuals, the performance of the Company, and future risk.

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2019 and 2018 were as follows:

a. As of December 31, 2019 and 2018, the unused letters of credit of the Company for purchasing raw materials and equipment were NT\$0 thousand and NT\$236,596 thousand, respectively.

b. Unrecognized commitments are as follows:

	December 31	
	2019	2018
Acquisition of property, plant and equipment	<u>\$ 238,857</u>	<u>\$ 772,101</u>
Acquisition of inventories	<u>\$ 102,298</u>	<u>\$ 29,247</u>

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The outbreak of 2019 novel coronavirus in January 2020 caused the temporarily suspended operation of the factories of subsidiaries located in mainland China. The subsidiaries located in mainland China gradually returned to operation starting from February 10, 2020.

Due to the inability to assess the disease control situation as of the date the consolidated financial report was authorized for issue, the Company is continuously assessing the extent of the impact of the epidemic on the operating revenue and

profit or loss.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information is an aggregation of foreign currencies other than the functional currencies of the group entities and disclosure of the exchange rates between the foreign currencies and the respective functional currencies. The significant assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,099,273	29.93	\$ 62,831,230
<u>Non-monetary items</u>			
Investment accounted for using equity method			
USD (Note)	4,928,801	29.98	147,765,444 (Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 206,996	30.03	\$ 6,216,085 ● (Concluded)

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,792,611	30.665	\$ 85,635,405

JPY	489,582	0.2762	135,223
<u>Non-monetary items</u>			
Investment accounted for using equity method			
USD (Note)	4,654,611	30.715	142,966,376
<u>Financial liabilities</u>			
Monetary items			
USD	701,218	30.765	21,572,965
JPY	14,985	0.2802	4,199

Note: The difference between the amount and investment accounted for using equity method is unrealized gross profit.

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Foreign Currencies	Exchange Rate	2019	2018	Net Foreign Exchange Gain (Loss)
		Net Foreign Exchange Gain (Loss)	Exchange Rate	
USD	30.912(USD:NTD)	\$ (1,046,450)	30.149(USD:NTD)	\$ 2,558,705
RMB	4.4837(RMB:NTD)	14,458	4.5599(RMB:NTD)	252
JPY	0.2837(JPY:NTD)	5,183	0.2730(JPY:NTD)	183,942
EUR	34.615(EUR:NTD)	(27)	35.60(EUR:NTD)	-
		<u>\$ (1,026,836)</u>		<u>\$ 2,742,899</u>

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (N/A)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 2)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 3)
- 5) Acquisitions of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposals of individual real estate at a price of at least NT\$300 million or 20% of the paid-in capital (N/A)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (N/A)
- 10) Information on investees (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss of investee, investment income or loss, carrying amount of the investment at the end of the period, and repatriations of investment from the mainland China area (Table 8)
- 2) Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses as follows (Tables 1, 5 and 6):
 - a) Purchases - the amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) Sales - the amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) Property transactions - the amount of property transactions and the amount of the resultant gains or losses
 - d) Endorsements and guarantees - the balance of negotiable instrument endorsements or

guarantees or pledges of collateral at the end of the period and the purposes

e) Financing - the highest balance during the period, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other - the transactions with material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services

TABLE 1

CATCHER TECHNOLOGY CO., LTD.

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
1	Topo Technology (Suzhou) Co., Ltd.	Envio Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	\$ 459,160	\$ -	\$ -	-	For short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$742,313,565	<u>\$742,313,565</u>
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	344,948	128,925	128,925	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	907,884	752,063	752,063	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 880,988</u>										
2	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Envio Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	114,790	\$ -	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
		Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	287,866	-	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	298,955	-	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	285,259	279,338	279,338	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 279,338</u>										
3	Catcher Technology (Suqian) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	8,895,443	\$ 429,750	429,750	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
		Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	2,726,456	1,524,075	1,524,075	1.50~4.38613	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	4,561,561	3,137,175	3,137,175	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	3,427,573	3,395,025	3,395,025	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 8,486,025</u>										
4	Topo Technology (Taizhou) Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	1,029,319	<u>\$ -</u>	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
5	Envio Technology (Suqian) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	216,935	\$ 214,875	214,875	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	607,418	601,650	601,650	1.5	For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 816,525</u>										
6	Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	3,139,000	<u>\$ 2,998,000</u>	2,998,000	2.961	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
7	Gigamag Co., Ltd.	Next Level Ltd.	Other receivables - related parties	Yes	11,285,000	<u>\$ 11,092,600</u>	2,998,000	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	<u>\$742,313,565</u>
8	Next Level Ltd.	Norma International Co., Ltd.	Other receivables - related parties	Yes	632,000	\$ 599,600	-	-	For short-term	-	Operating capital	-	-	-	742,313,565	

		Uranus International Co., Ltd.	Other receivables - related parties	Yes	7,625,000	7,495,000	-	-	financing For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Cygnus International Co., Ltd.	Other receivables - related parties	Yes	3,792,000	3,597,600	2,998,000	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	
						<u>\$ 11,692,200</u>										<u>\$742,313,565</u>

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
9	Norma International Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	\$ 627,800	\$ 599,600	\$ 599,600	2.961	For short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$742,313,565	
		Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	610,000	599,600	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	2,745,000	2,698,200	-	-	For short-term financing	-	Operating capital	-	-	-	742,313,565	
10	Uranus International Co., Ltd.					<u>\$ 3,897,400</u>										<u>\$742,313,565</u>
		Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	4,575,000	\$ 4,497,000	2,998,000	2.961	For short-term financing	-	Operating capital	-	-	-	742,313,565	
		Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	6,100,000	5,996,000	5,096,600	2.961	For short-term financing	-	Operating capital	-	-	-	742,313,565	
11	Ke Yue Co., Ltd.					<u>\$ 10,493,000</u>										<u>\$742,313,565</u>
		Catcher Technology Co., Ltd.	Other receivables - related parties	Yes	628,195	<u>\$ 600,000</u>	600,000 (Note 4)	0.76822	For short-term financing	-	Operating capital	-	-	-	454,905	
12	Yi Sheng Co., Ltd.	Catcher Technology Co., Ltd	Other receivables - related parties	Yes	165,900	<u>\$ 163,000</u>	163,000 (Note 4)	0.76822	For short-term financing	-	Operating capital	-	-	-	120,092	<u>\$ 120,092</u>
13	Yi De Co., Ltd.	Catcher Technology Co., Ltd	Other receivables - related parties	Yes	165,900	<u>\$ 163,000</u>	163,000 (Note 4)	0.76822	For short-term financing	-	Operating capital	-	-	-	120,092	<u>\$ 120,092</u>

(Concluded)

Note 1: The upper limit of the 100% owned subsidiaries held directly or indirectly by the Company is equivalent to 100% of the net asset value as of December 31, 2019 of the Company; the upper limit of the subsidiaries is equivalent to 40% of the net asset value as of December 31, 2019 of the subsidiaries; but the upper limit of those with business transactions is no more than the needed amount for operations.

Note 2: The upper limit of the 100% owned subsidiaries held directly or indirectly by the Company is equivalent to 100% of the net asset value as of December 31, 2019 of the Company; the upper limit of the subsidiaries is equivalent to 40% of the net asset value as of December 31, 2019 of the subsidiaries.

Note 3: The net asset value mentioned in Notes 1 and 2 above is the equity attributable to owners of the Company on the consolidated balance sheets.

Note 4: The financing provided balance overruns, the subsidiaries has sent an improvement plan to supervisor.

TABLE 2**CATCHER TECHNOLOGY CO., LTD.**

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Catcher Technology Co., Ltd.	Alpha Information Systems, Inc.	None	Financial assets at fair value through other comprehensive income - non - current	1,500,000	\$ 57,075	10	\$ 57,075	
	CDIB Capital Innovation Accelerator Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non - current	3,000,000	32,220	3.57	32,220	
					<u>\$ 89,295</u>		<u>\$ 89,295</u>	
	Sinher Technology Co., Ltd	None	Financial assets at fair value through profit or loss - current	7,439,917	<u>\$ 324,380</u>	9.998	<u>\$ 324,380</u>	
Nanomag International Co., Ltd.	China Renewable Energy Fund, L.P.	None	Financial assets at fair value through other comprehensive income - non - current	-	<u>\$ 453,835</u>	23.51	<u>\$ 453,835</u>	Note 3

Note 1: Securities in this table are shares, bonds, beneficiary certificates and those derived from the above-mentioned items which are within the scope of IFRS 9 "Financial Instrument: Recognition and Measurement".

Note 2: Refer to Tables 7 and 8 for information on subsidiaries and associates.

Note 3: Percentage of Ownership is the fund share ratio.

TABLE 3

CATCHER TECHNOLOGY CO., LTD.

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Nanomag International Co., Ltd.	China Renewable Energy Fund, L.P.	Financial assets at fair value through other comprehensive income – non - current	-	-	-	\$ 229,255 (USD 7,463,944)	-	\$ 224,580 (USD 7,673,988) (Note)	-	\$ -	\$ -	\$ -	-	\$ 453,835 (USD 15,137,932)

Note: Includes incremental investments of US\$9,530,325 and unrealized gain/(loss) on investment in equity instruments at fair value through other comprehensive income of US\$ 1,856,337.

TABLE 4

CATCHER TECHNOLOGY CO., LTD.

ACQUISITIONS OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty/ Acquisition Item	Relationship	Information on Previous Title Transfer If Counterparty is a Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Meecca Technology (Taizhou) Co., Ltd.	Manufacturing plant	2017.06.16- 2019.12.31	Contract price is NT\$1,455,477 thousand (RMB 338,680 thousand); NT\$1,411,812 thousand has been put into construction	In accordance with rules of contracts and progress	Self-built assets (The main contractor is The Industrial Construction Engineering Group Co., Ltd.)	-	-	-	-	\$ -	Price comparison or negotiation	Operating production	-
Envio Technology (Suqian) Co., Ltd.	Manufacturing plant	2017.08.18- 2019.12.31	Contract price is NT\$744,304 thousand (RMB 173,195 thousand); NT\$721,646 thousand has been put into construction	In accordance with rules of contracts and progress	Self-built assets (The main Contractor is Zhongxing Construction Co., Ltd.)	-	-	-	-	-	Price comparison or negotiation	Operating production	-

TABLE 5

CATCHER TECHNOLOGY CO., LTD.

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Catcher Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	\$ (109,583)	1	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	\$ -	-	
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	462,405	14	Net 30 to 90 days after month end close	Equivalent	Equivalent	(117,279)	6	
			Sales	(716,720)	4	Net 30 to 90 days after month end close	Equivalent	Equivalent	567,725	7	
	Next Level Ltd.	Same ultimate parent company	Sales	(416,172)	2	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	7,300	1	
	Envio Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(542,243)	3	Net 30 to 90 days after month end close	Equivalent	Equivalent	278,274	3	
			Purchases	224,457	7	Net 30 to 90 days after month end close	Equivalent	Equivalent	(104,776)	5	
	Aquila Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	190,577	6	Net 120 days after month end close	Equivalent	Equivalent	(116,613)	6	
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(291,546)	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	104,194	1	
			Purchases	367,273	3	Net 30 to 90 days after month end close	Equivalent	Equivalent	(154,896)	4	
	Meecca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	Sales	(1,240,485)	5	Net 30 to 90 days after month end close	Equivalent	Equivalent	1,173,525	10	
Topo Technology (Taizhou) Co., Ltd.			Purchases	960,925	9	Net 30 to 90 days after month end close	Equivalent	Equivalent	(433,866)	10	
	Next Level Ltd.	Same ultimate parent company	Sales	(23,027,287)	94	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	10,081,462	86	
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(280,792)	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	160,294	1	
	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(1,178,916)	5	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	-	-	
	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(568,932)	5	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	45,706	-	
	Meecca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	Sales	(620,923)	5	Net 30 to 90 days after month end close	Equivalent	Equivalent	259,300	5	
	Next Level Ltd.	Same ultimate parent company	Sales	(5,240,761)	43	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	1,970,101	30	
	Aquila Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	136,941	5	Net 120 days after month end close	Equivalent	Equivalent	(106,661)	5	
	Arcadia Technology (Suqian) Co., Ltd.	Ultimate parent company	Sales	(454,975)	10	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	4,094	-	
	Next Level Ltd.	Same ultimate parent company	Sales	(2,837,375)	60	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	315,482	15	
Meecca Technology (Taizhou) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(373,006)	3	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	-	-	
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(193,392)	2	Net 30 to 90 days after month end close	Equivalent	Equivalent	207,418	3	
			Purchases	1,475,169	20	Net 30 to 90 days after month end close	Equivalent	Equivalent	(1,569,687)	25	
	Next Level Ltd.	Same ultimate parent company	Sales	(10,611,457)	88	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	5,764,068	89	
	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	Purchases	299,827	4	Net 30 to 90 days after month end close	Equivalent	Equivalent	299,731	5	
Envio Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(1,084,515)	20	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	-	-	
	Next Level Ltd.	Same ultimate parent company	Sales	(4,283,834)	80	Net 30 to 90 days after month end close	No comparable sales prices for general customers	Equivalent	1,039,882	90	
Next Level Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(46,416,886)	100	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	5,266,287	100	

TABLE 6

CATCHER TECHNOLOGY CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Topo Technology (Suzhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	\$ 128,925	- (Note 1)	\$ -	Not applicable	\$ -	\$ -
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	150,988	- (Note 2)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	752,063	- (Note 1)	-	Not applicable	-	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	279,338	- (Note 1)	-	Not applicable	-	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	299,731	0.99	-	Not applicable	-	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	242,578	- (Note 2)	-	Not applicable	-	-
Catcher Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	396,122	- (Note 3)	-	Not applicable	-	-
			567,725	1.47	-	Not applicable	-	-
			3,395,025	- (Note 1)	-	Not applicable	-	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	1,524,075	- (Note 1)	-	Not applicable	-	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	429,750	- (Note 1)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	3,137,175	- (Note 1)	-	Not applicable	-	-
	Envio Technology (Suqian) Co., Ltd.	Same ultimate parent company	278,274	1.57	-	Not applicable	-	-
Aquila Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	106,661	2.48	-	Not applicable	21,275	-
	Catcher Technology (Suqian) Co., Ltd.	Same ultimate parent company	116,613	1.85	-	Not applicable	28,767	-
Topo Technology (Taizhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	104,193	0.48	-	Not applicable	18,618	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	1,173,525	1.07	-	Not applicable	1,675	-
			556,895	- (Note 2)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	160,294	0.27	-	Not applicable	-	-
	Next Level Ltd.	Same ultimate parent company	10,081,462	2.19	-	Not applicable	2,982,243	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Vito Technology (Suqian) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Same ultimate parent company	\$ 117,279	3.87	\$ -	Not applicable	\$ -	\$ -
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	154,896	2.06	-	Not applicable	-	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	259,300	2.63	-	Not applicable	-	-
	Envio Technology (Suqian) Co., Ltd.	Same ultimate parent company	149,856	-	-	Not applicable	-	-
	Next Level Ltd.	Same ultimate parent company	1,970,101	(Note 3) 2.55	-	Not applicable	1,013,330	-
Meeca Technology (Taizhou) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	207,418	0.18	-	Not applicable	109,066	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	433,866	0.53	-	Not applicable	-	-
	Next Level Ltd.	Same ultimate parent company	5,764,068	1.77	-	Not applicable	2,351,973	-
Envio Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	601,650	-	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	214,875	(Note 1) -	-	Not applicable	-	-
	Catcher Technology (Suqian) Co., Ltd.	Same ultimate parent company	104,776	(Note 1) 2.08	-	Not applicable	-	-
	Next Level Ltd.	Same ultimate parent company	1,039,882	3.94	-	Not applicable	440,281	-
Arcadia Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	224,038	-	-	Not applicable	244	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	1,569,687	(Note 2) 0.93	-	Not applicable	128,924	-
	Next Level Ltd.	Same ultimate parent company	315,482	8.45	-	Not applicable	151,401	-
Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	2,998,000	-	-	Not applicable	-	-
Gigamag Co., Ltd.	Next Level Ltd.	Same ultimate parent company	2,998,000	(Note 1) -	-	Not applicable	-	-
Next Level Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	5,266,287	8.81	-	Not applicable	5,266,287	-
	Cygnus International Co., Ltd.	Same ultimate parent company	2,998,000	-	-	Not applicable	-	-
Norma International Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	599,600	(Note 1) -	-	Not applicable	-	-
Uranus International Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	2,998,000	-	-	Not applicable	-	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	5,096,600	(Note 1) -	-	Not applicable	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Ke Yue Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	\$ 600,000	- (Note 1)	\$ -	Not applicable	\$ 146,000	\$ -
Yi Sheng Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	163,000	- (Note 1)	-	Not applicable	43,000	-
Yi De Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	163,000	- (Note 1)	-	Not applicable	43,000	-

(Concluded)

Note 1: The ending balance of financing provided is not in the calculation of the turnover rate.

Note 2: The ending balance of property, plant and equipment purchased is not in the calculation of the turnover rate.

Note 3: The ending balance of processing income receivables is not in the calculation of the turnover rate.

TABLE 7

CATCHER TECHNOLOGY CO., LTD.

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2019			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note
				December 31, 2019	December 31, 2018	Number of Shares	%	Carrying Amount			
Catcher Technology Co., Ltd.	Gigamag Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investing activities	\$ 484,941	\$ 484,941	14,377,642	100	\$ 29,159,305	\$ 3,326,938	\$ 3,506,273	
	Nanomag International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	1	1	30	100	117,348,698	6,051,601	6,286,588	
	Yue-Kang Health Control Technology Inc.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Health and medical treatment consultant	72,000	43,660	7,200,000	45	12,295	(22,606)	(9,730)	
	Ke Yue Co., Ltd.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Investing activities	1,129,000	1,129,000	11,290,000	100	1,137,264	8,264	8,264	
	Yi De Co., Ltd.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Investing activities	298,000	298,000	3,070,000	100	300,231	2,231	2,231	
	Yi Sheng Co., Ltd.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Investing activities	298,000	298,000	3,070,000	100	300,231	2,230	2,230	
Gigamag Co., Ltd.	Neat Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	International trading	300 (USD 10,000)	300 (USD 10,000)	10,000	100	259	(43)		
Nanomag International Co., Ltd.	Castmate International Co., Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investing activities	30,268 (USD 1,009,592)	30,268 (USD 1,009,592)	1,009,592	100	3,311,397	(59,167)		
	Stella International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	9,955,733 (USD 332,079,144)	9,955,733 (USD 332,079,144)	332,079,144	100	21,732,741	(1,128,426)		
	Aquila International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	33,578 (USD 1,120,000)	33,578 (USD 1,120,000)	1,050,000	75	377,382	102,784		
	Uranus International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	11,962,301 (USD 399,009,383)	11,962,301 (USD 399,009,383)	399,009,383	100	42,132,573	5,088,177		
	Norma International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	8,980,020 (USD 299,533,691)	8,980,020 (USD 299,533,691)	299,533,691	100	11,895,708	(1,656,468)		
	Next Level Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investing activities	300 (USD 10,000)	-	10,000	100	68,683	70,269		(Note 3)
Castmate International Co., Ltd.	Cygnus International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	299,958 (USD 10,005,259)	299,958 (USD 10,005,259)	10,005,259	100	3,180,849	(68,452)		
Stella International Co., Ltd.	Lyra International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	9,954,961 (USD 332,053,412)	9,954,961 (USD 332,053,412)	332,053,412	100	22,026,652	(1,138,563)		
Aquila International Co., Ltd.	Cepheus International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	41,972 (USD 1,400,000)	41,972 (USD 1,400,000)	1,400,000	100	502,243	102,914		

Note 1: Share of profit (loss) is only reflected for the subsidiaries invested in directly and the investments accounted for by using the equity method.

Note 2: Information on investments in mainland China is provided in Table 8.

Note 3: Nanomag International Co., Ltd. incorporated its 100% owned subsidiaries Next Level Ltd. in January 2019.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 13)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 (Note 13)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 (Note 13)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outward	Inward						
Catcher Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	\$ -	2. Cygnus International Co., Ltd. (Note 8)	\$ 999,533 (USD 33,340,000)	\$ -	\$ -	\$ 999,533 (USD 33,340,000)	\$ -	100	\$ -	\$ -	\$ -
Topo Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	300,100 (USD 10,010,000)	2. Lyra International Co., Ltd. (Notes 4 and 5)	1,209,393 (USD 40,340,000)	-	-	1,209,393 (USD 40,340,000)	(59,247)	100	(59,247) (Note 2.(A))	1,868,924	-
Topo Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,544,033 (RMB 829,779,072) (USD 65,979,240)	2. Lyra International Co., Ltd. (Note 9)	-	-	-	-	169,549	100	169,549 (Note 2.(A))	8,826,869	5,482,243
Meecca Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,737,793 (RMB 814,650,196) (USD 74,610,861)	2. Lyra International Co., Ltd. (Note 12)	-	-	-	-	262,763	100	262,763 (Note 2.(A))	6,630,643	-
Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Manufacturing, selling and developing varied metal products	299,800 (USD 10,000,000)	2. Cygnus International Co. Ltd. (Note 6)	-	-	-	-	(159,204)	100	(159,204) (Note 2.(A))	1,974,771	-
Catcher Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,996,000 (USD 200,000,000)	2. Uranus International Co., Ltd. (Note 7)	2,848,070 (USD 94,999,000)	-	-	2,848,070 (USD 94,999,000)	5,436,644	100	5,436,644 (Note 2.(A))	22,854,273	10,597,814
Vito Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,725,885 (RMB 409,431,280) (USD 132,300,000)	2. Uranus International Co., Ltd. (Note 10)	-	-	-	-	1,633,493	100	1,633,493 (Note 2.(A))	9,544,552	-
Arcadia Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,873,880 (RMB 398,499,193) (USD 138,803,527)	2. Norma International Co., Ltd. (Note 11)	-	-	-	-	(2,407,708)	100	(2,407,708) (Note 2.(A))	4,006,250	-
Envio Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	2,940,922 (RMB 188,956,820) (USD 71,010,000)	2. Norma International Co., Ltd. (Note 16)	-	-	-	-	1,194,482	100	1,194,482 (Note 2.(A))	3,779,090	-
Aquila Technology (Suqian) Co., Ltd.	Manufacturing and selling molds and electronic parts	41,972 (USD 1,400,000)	2. Cepheus International Co., Ltd.	33,578 (USD 1,120,000)	-	-	33,578 (USD 1,120,000)	102,991	75	77,243 (Note 2.(A))	501,330	169,684
WIT Technology (Taizhou) Co., Ltd. (Note 14)	Researching, developing and manufacturing communication electronic products	-	2. Cetus International Co., Ltd.	-	-	-	-	-	70	-	-	-
Chaohu Yunhai Magnesium Co., Ltd. (Note 15)	Manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metals	-	2. Sagitta International Co., Ltd.	662,016 (USD 22,081,923)	-	-	662,016 (USD 22,081,923)	-	46	-	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018 (Note 13)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 13 and 14)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ 5,752,590 (USD 191,880,923)	\$ 41,761,098 (USD 1,014,344,227) (RMB 2,641,316,560)	\$ 89,153,104

Note 1: The investing methods are categorized as follows:

- 1: Direct investment in companies in mainland China
- 2: Investment in companies in mainland China, which is made by a company incorporated via a third region
- 3: Others

Note 2: In the column:

- 1: This means the investee is under initial preparation and there were no gains or losses on investment.
- 2: The recognition of gains or losses on investment is based on:
 - (1) The financial statements audited by global accounting firms, which are affiliated with the accounting firms in the Republic of China
 - (2) The financial statements audited by the certified public accountant of the parent company in Taiwan
 - (3) Others

Note 3: The upper limit on investment in mainland China is calculated as \$148,588,507×60%=\$89,153,104.

Note 4: The paid-in capital of US\$6,670,000, which is self-funding of Nanomag International Co., Ltd., is invested in Topo Technology (Suzhou) Co., Ltd. through Stella International Co., Ltd., and the paid-in capital of US\$33,300,000 is earnings distributed in the third quarter of 2011. Thereafter, the amount of US\$33,300,000 is returned by capital reduction in the fourth quarter of 2014.

Note 5: The paid-in capital of US\$30,000,000 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., which were then reinvested in Topo Technology (Suzhou) Co., Ltd. Thereafter, the amount of US\$67,000,000 was returned by capital reduction in the first quarter of 2016.

Note 6: The paid-in capital of US\$106,000,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd., which were then invested in Meecca Technology (Suzhou Industrial Park) Co., Ltd., and the paid-in capital of US\$16,670,000 is earnings distributed in the third quarter of 2011. The amount of US\$16,670,000 was returned by capital reduction in the fourth quarter of 2014 and the amount of US\$32,000,000 in the third quarter of 2016. Thereafter, the amount of US\$32,000,000 was returned by capital reduction in the second quarter of 2017, and the amount of US\$32,000,000 was returned by capital reduction in the third quarter of 2017.

Note 7: The paid-in capital of US\$5,001,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd., which were then invested in Catcher Technology (Suqian) Co., Ltd. The paid-in capital of US\$100,000,000 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., which were invested in Catcher Technology (Suqian) Co., Ltd. through Uranus International Co., Ltd.

Note 8: The paid-in capital of US\$16,670,000 is earnings distributed in the third quarter of 2011. Thereafter, the amount of US\$40,000,000 was returned by capital reduction in the second quarter of 2014, and due to dissolution, US\$10,010,000 of capital were returned in August 2016; the remaining amount of capital has not been wired back to Taiwan.

Note 9: The paid-in capital of RMB227,510,746 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., which were then invested in Topo Technology (Taizhou) Co., Ltd. On the other hand, US\$65,979,240 and RMB602,268,326 are earnings distributed from investees in mainland China to Nanomag International Co., Ltd., which were then invested in Topo Technology (Taizhou) Co., Ltd. via Lyra International Co., Ltd.

Note 10: The paid-in capital of US\$99,000,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Vito Technology (Suqian) Co., Ltd. via Uranus International Co., Ltd. The paid-in capital of US\$33,300,000 and RMB409,431,280 is earning distributed from Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Vito Technology (Suqian) Co., Ltd. through Uranus International Co., Ltd.

Note 11: The paid-in capital of US\$27,332,360 and RMB398,499,193 are earnings distributed from Catcher Technology (Suzhou) Co., Ltd. and Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Arcadia Technology (Suqian) Co., Ltd. through Norma International Co., Ltd. The paid-in capital of US\$89,970,000, which is the proceeds arising from the capital reduction of Catcher Technology (Suzhou) Co., Ltd., Topo Technology (Suzhou) Co., Ltd., and Meecca Technology (Suzhou Industrial Park) Co., Ltd. through Norma International Co., Ltd. The paid-in capital of US\$21,501,167 is earning distributed from Catcher Technology (Suzhou) Co., Ltd. and Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Arcadia Technology (Suqian) Co., Ltd. through Norma International Co., Ltd.

Note 12: The paid-in capital of US\$17,610,861 and RMB529,989,796 are earnings distributed from Catcher Technology (Suzhou) Co., Ltd. and Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., which were then invested in Meecca Technology (Taizhou) Co., Ltd. through Lyra International Co., Ltd. The paid-in capital of US\$20,000,000 and RMB284,660,400 are earnings and liquidation income distributed from Catcher Technology (Suzhou) Co., Ltd. and earnings distributed from Topo Technology (Suzhou) Co., Ltd. and Meecca Technology (Suzhou Industrial Park) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Meecca Technology (Taizhou) Co., Ltd. through Lyra International Co., Ltd.

Note 13: The exchange rate on December 31, 2019 was US\$1:NT\$29.98.

The exchange rate on December 31, 2019 was RMB1:NT\$4.2975.

Note 14: WIT Technology (Taizhou) Co., Ltd. was dissolved in June 2012, and the remaining amount of capital has not been wired back to Taiwan.

Note 15: Sagitta International Co., Ltd. sold all of its shares of Chaohu Yunhai Magnesium Co., Ltd. in June 2016, and the remaining amount of capital has not been wired back to Taiwan.

Note 16: The paid-in capital of US\$71,010,000 and RMB\$ 188,956,820, which is the proceeds arising from returned capital of the liquidation from Catcher Technology (Suzhou) Co., Ltd. and the returned capital reduction from Topo Technology (Suzhou) Co., Ltd. and Meeca Technology (Suzhou Industrial Park) Co., Ltd., is invested in Envio Technology (Suqian) Co., Ltd. through Norma International Co., Ltd.

TABLE 9

CATCHER TECHNOLOGY CO., LTD

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Miscellaneous Equipment	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>								
Balance at January 1, 2018	\$ 2,179,324	\$ 2,662,853	\$ 5,247,072	\$ 32,506	\$ 42,798	\$ 675,649	\$ 21,826	\$ 10,862,028
Additions	-	4,261	27,367	1,495	4,056	44,503	300,391	382,073
Disposals	-	(203)	(16,324)	-	(1,031)	(44,788)	-	(62,346)
Reclassification	-	1,643	1,094,664	-	-	31,815	-	1,128,122
Balance at December 31, 2018	<u>\$ 2,179,324</u>	<u>\$ 2,668,554</u>	<u>\$ 6,352,779</u>	<u>\$ 34,001</u>	<u>\$ 45,823</u>	<u>\$ 707,179</u>	<u>\$ 322,217</u>	<u>\$ 12,309,877</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2018	\$ -	\$ 346,927	\$ 3,827,311	\$ 17,215	\$ 27,698	\$ 431,994	\$ -	\$ 4,651,145
Depreciation	-	70,174	654,559	4,171	4,782	88,499	-	822,185
Disposals	-	(5)	(14,418)	-	(1,032)	(44,204)	-	(59,659)
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 417,096</u>	<u>\$ 4,467,452</u>	<u>\$ 21,386</u>	<u>\$ 31,448</u>	<u>\$ 476,289</u>	<u>\$ -</u>	<u>\$ 5,413,671</u>
Carrying amounts at December 31, 2018	<u>\$ 2,179,324</u>	<u>\$ 2,251,458</u>	<u>\$ 1,885,327</u>	<u>\$ 12,615</u>	<u>\$ 14,375</u>	<u>\$ 230,890</u>	<u>\$ 322,217</u>	<u>\$ 6,896,206</u>
<u>Custom</u>								
Balance at January 1, 2019	\$ 2,179,324	\$ 2,668,554	\$ 6,352,779	\$ 34,001	\$ 45,823	\$ 707,179	\$ 322,217	\$ 12,309,877
Additions	-	8,190	47,028	3,342	2,762	26,275	90,119	177,716
Disposals	-	(2,742)	(24,682)	(120)	(184)	(6,518)	-	(34,246)
Reclassification	-	358,427	1,351,679	3,341	-	62,773	(354,427)	1,421,793
Balance at December 31, 2019	<u>\$ 2,179,324</u>	<u>\$ 3,032,429</u>	<u>\$ 7,726,804</u>	<u>\$ 40,564</u>	<u>\$ 48,401</u>	<u>\$ 789,709</u>	<u>\$ 57,909</u>	<u>\$ 13,875,140</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ -	\$ 417,096	\$ 4,467,452	\$ 21,386	\$ 31,448	\$ 476,289	\$ -	\$ 5,413,671
Depreciation	-	74,685	738,120	4,690	4,323	89,684	-	911,502
Disposals	-	(904)	(22,974)	(120)	(184)	(6,495)	-	(30,677)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 490,877</u>	<u>\$ 5,182,598</u>	<u>\$ 25,956</u>	<u>\$ 35,587</u>	<u>\$ 559,478</u>	<u>\$ -</u>	<u>\$ 6,294,496</u>
Carrying amounts at December 31, 2019	<u>\$ 2,179,324</u>	<u>\$ 2,541,552</u>	<u>\$ 2,544,206</u>	<u>\$ 14,608</u>	<u>\$ 12,814</u>	<u>\$ 230,231</u>	<u>\$ 57,909</u>	<u>\$ 7,580,644</u>

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STATEMENT 1

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity Date	Interest Rate (%)	Amount
Cash on hand			\$ 390
Deposits			
Demand deposits			56,047
Foreign currency deposits (Note 1)			4,759,457
Cash Equivalents			
Time deposits (Note 2)	2020.01 ~ 2020.03	2.2 ~ 2.5	8,329,981
Repurchase agreements (Note 3)	2020.01 ~ 2020.03	2.8 ~ 2.9	<u>407,941</u>
			<u>\$13,553,816</u>

Note 1: Including US\$ 159,019,585.14 and JPY 1,250

Note 2: Including US\$ 278,315,450

Note 3: Including US\$ 13,629,827.35
(US \$1=NT \$ 29.930 and JPY1=NT \$ 0.2740)

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Customer A	\$10,378,389
Customer B	1,141,101
Customer C	981,450
Others (Note 2)	<u>1,532,517</u>
	14,033,457
Less: Allowance for impairment loss	<u>8,438</u>
	<u><u>\$14,025,019</u></u>

Note 1: The aging of all customers are not past due over 1 year.

Note 2: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 3

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF INVENTORIES

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Merchandise	\$ 18,255	\$ 46,030
Finished goods	5,293,039	7,407,142
Work-in-process and semi-finished goods	581,134	999,295
Raw materials	44,896	64,468
Supplies	<u>136,951</u>	<u>149,220</u>
	<u>\$6,074,275</u>	<u>\$8,666,155</u>

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2019		Additions		Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Balance, December 31, 2019		Fair Value (Note)	Collateral
	Shares	Amount	Shares/Units	Amount		Shares	Amount		
Unlisted shares									
Alpha Information Systems, Inc.	1,500,000	\$ 35,580	-	\$ -	\$ 21,495	1,500,000	\$ 57,075	\$ 57,075	None
CDIB Capital Innovation Accelerator Co., Ltd.	3,000,000	29,400	-	-	2,820	3,000,000	32,220	32,220	None
		<u>\$ 64,980</u>		<u>\$ -</u>	<u>\$ 24,315</u>		<u>\$ 89,295</u>	<u>\$ 89,295</u>	

Note: Fair value is based on the investee company's most recent net asset value.

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Investee Company	Balance, January 1, 2019		Additions (Reductions)		Note	Gain (loss) on Investments	Cumulative Translation Adjustment	Balance, December 31, 2019				Collateral
	Shares	Amount	Shares/Units	Amount				Shares	Proportion of Ownership (%)	Amount	Fair Value	
Investment accounted for using the equity method												
Nanomag International Co., Ltd. (foreign company)	30	\$ 114,420,555	-	\$ 649,920	Note 1	\$ 6,286,588	\$(4,008,365)	30	100	\$ 117,348,698	\$ 119,573,577	None
Gigamag Co., Ltd. (foreign company)	14,377,642	26,390,730	-	789	Note 2	3,506,273	(738,487)	14,377,642	100	29,159,305	29,358,890	None
Yue-Kang Health Control Technology Inc. (unlisted company)	4,366,000	-	2,834,000	22,025	Note 3	(9,730)	-	7,200,000	45	12,295	12,295	None
Ke Yue Co., Ltd. (unlisted company)	11,290,000	1,512,259	-	(383,259)	Note 4	8,264	-	11,290,000	100	1,137,264	1,137,264	None
Yi Sheng Co., Ltd. (unlisted company)	3,070,000	409,183	-	(111,183)	Note 4	2,231	-	3,070,000	100	300,231	300,231	None
Yi De Co., Ltd. (unlisted company)	3,070,000	409,346	-	(111,345)	Note 4	2,230	-	3,070,000	100	300,231	300,231	None
		\$ 143,142,073		\$ 66,947		\$ 9,795,856	\$(4,746,852)			\$ 148,258,024	\$ 150,682,488	
Note 1: The details of increase (decrease) were as follows:												
Unrealized loss on investments in equity instruments at fair value through other comprehensive income by subsidiaries		\$ (55,653)										
Employee compensation recognized by subsidiaries		705,204										
Realized gain from downstream transactions adjustment		369										
		\$ 649,920										
Note 2: Realized gain from downstream transactions adjustment												
Note 3: The details of increase (decrease) were as follows:												
Additional investment in the current period		\$ 28,340										
Capital surplus from subscription of additional new shares of the investee at a percentage different from its existing ownership percentage		(1,422)										
Retained earnings from subscription of additional new shares of the investee at a percentage different from its existing ownership percentage		(4,893)										
		\$ 22,025										
Note 4: Cash dividends received												

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 77,857	\$ 14,351	\$ 92,208
Additions	<u>75,255</u>	<u>325</u>	<u>75,580</u>
Balance at December 31, 2019	<u>\$ 153,112</u>	<u>\$ 14,676</u>	<u>\$ 167,788</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2019	\$ -	\$ -	\$ -
Depreciation	<u>4,300</u>	<u>5,115</u>	<u>9,415</u>
Balance at December 31, 2019	<u>\$ 4,300</u>	<u>\$ 5,115</u>	<u>\$ 9,415</u>
Carrying amounts at December 31, 2019	<u>\$ 148,812</u>	<u>\$ 9,561</u>	<u>\$ 158,373</u>

STATEMENT 7

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

	Maturity Date	Interest rate (%)	Balance	Credit Line	Collatera l
Borrowings of unsecured loans					
CTBC Bank	2019.10~2020. 01	0.65	\$ 5,990,000	\$ 6,500,000	None
Taipei Fubon Bank	2019.09~2020. 06	0.6798 - 0.72	7,706,520	8,200,000	None
HSBC Bank	2019.05~2020. 09	0.70	5,500,000	5,500,000	None
SMBC Bank	2019.10~2020. 04	0.69 - 0.70	12,962,000	18,429,000	None
Mizuho Bank	2019.07~2020. 05	0.63	18,235,726	18,429,000	None
MUFG Bank	2019.12~2020. 01	0.59	12,000,000	12,000,000	None
SinoPac Bank	2019.11~2020. 01	0.70	<u>3,500,000</u>	5,000,000	None
			<u>\$ 65,894,246</u>		

STATEMENT 8

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor A	\$ 162,381
Vendor B	84,262
Vendor C	72,390
Vendor D	72,285
Vendor E	71,192
Others (Note)	<u>391,474</u>
	<u>\$ 853,984</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

STATEMENT 9

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF LEASE LIABILITIES

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Summary	Lease Period	Discount Rate (%)	Balance, End of Year	Note
Land	Land at Renai factory	2000.04~ 2050.04	0.71	\$ 147,408	-
Buildings	Taipei Office	2016.09~ 2021.10	0.71	<u>9,459</u>	-
				<u>\$ 156,867</u>	

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF OPERATING REVENUES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars)

Item	Quantities (Thousands)	Amount
Sale of Goods		
Manufactured products		
Metal casing	52,210	\$ 64,756,868
Less : Sales returns	114	133,993
Sales discounts		<u>176,594</u>
Net operating revenue		64,446,281
Rental Income		<u>14,479</u>
		<u><u>\$ 64,460,760</u></u>

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF OPERATING COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars)

Item	Amount
Merchandise, beginning of year	\$ 1,955
Add: Merchandise purchased	8,814
Others	15,566
Less: Merchandise, end of year	<u>18,255</u>
Cost of commodity transaction	<u>8,080</u>
Raw materials, beginning of year	63,459
Add: Raw material purchased	795,200
Less: Raw materials, end of year	44,896
Others	<u>139,072</u>
Raw material consumption	674,691
Direct labor	1,391,713
Manufacturing expenses	<u>4,285,187</u>
Manufacturing cost	6,351,591
Add: Work-in-process and semi-finished goods, beginning of year	343,579
Work-in-process and semi-finished goods purchased	429,892
Others	27,472
Less: Work-in-process and semi-finished goods, end of year	581,134
Others	<u>128,551</u>
Manufacturing cost	6,442,849
Add: Finished goods, beginning of year	10,069,409
Finished goods purchased	50,083,684
Others	222,193
Less: Finished goods, end of year	5,293,039
Others	<u>120,899</u>
Finished goods costs of sales	<u>61,404,197</u>
Subtotal	61,412,277
Loss from physical count	(494)
Revenue from sale of scraps	(509,036)
Cost of others	<u>(120,303)</u>
The cost of inventories	60,782,444
Gain on disposals of property, plant and equipment	(3,957)
Rental Cost	<u>8,567</u>
	<u>\$ 60,787,054</u>

CATCHER TECHNOLOGY CO., LTD.

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	\$ 23,640	\$ 173,592	\$ 403,881	\$ 601,113
Depreciation	3,203	31,911	26,916	62,030
Export expense	72,305	-	-	72,305
Test fee	-	-	165,332	165,332
Others	<u>76,530</u>	<u>130,447</u>	<u>71,189</u>	<u>278,166</u>
Total	<u>\$ 175,678</u>	<u>\$ 335,950</u>	<u>\$ 667,318</u>	<u>\$ 1,178,946</u>

STATEMENT 13**CATCHER TECHNOLOGY CO., LTD.****STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018****(In Thousands of New Taiwan Dollars, Except Average Labor Cost and Average Salary and Bonus)**

	For the Year Ended December 31, 2019			For the Year Ended December 31, 2018		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	\$ 2,362,134	\$ 601,113	\$ 2,963,247	\$ 1,844,172	\$ 429,737	\$ 2,273,909
Labor and health insurance	215,731	28,588	244,319	170,905	31,073	201,978
Post-employment benefits	81,766	13,841	95,607	71,011	12,195	83,206
Remuneration of directors	-	17,441	17,441	-	17,850	17,850
Others	<u>176,801</u>	<u>14,081</u>	<u>190,882</u>	<u>136,555</u>	<u>13,221</u>	<u>149,776</u>
	<u>\$ 2,836,432</u>	<u>\$ 675,064</u>	<u>\$ 3,511,496</u>	<u>\$ 2,222,643</u>	<u>\$ 504,076</u>	<u>\$ 2,726,719</u>
Depreciation	\$ 864,834	\$ 62,030	\$ 926,864	\$ 785,892	\$ 42,321	\$ 828,213
Amortization	32,109	13,485	45,594	4,878	2,317	7,195

Note1: For the years ended December 31, 2019 and 2018, there were 4,667 and 3,760 employees in the Company, respectively. In addition, the Company had 5 non-employee directors for the years then ended.

Note 2: Average labor cost for the years ended December 31, 2019 and 2018 were NT\$749,476 and NT\$721,403, respectively.

Note 3: Average salary and bonuses for the years ended December 31, 2019 and 2018 were NT\$635,617 and NT\$605,568, respectively.

Note 4: The average salary and bonuses increased by 4.96% year-over-year.