Catcher Technology Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 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, 2018 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

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SHUI-SHU HONG
Chairman
March 6, 2019

Deloitte.

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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, the Group), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, 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.

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph below), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, 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) of Taiwan, the Republic of China (ROC).

Basis for Opinion

We conducted our audits 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 based on our audits and the report of other auditors.

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, 2018. 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 description of the key audit matters of the Group's consolidated financial statements for the year ended December 31, 2018 is as follows:

As stated in Notes 4(f), 5(b) and 13 to the accompanying consolidated financial statements, as of December 31, 2018, the Group's net inventory amounted to NT$25,184,994 thousand (net of obsolescence loss of NT$1,602,392 thousand). Such inventory loss represents approximately 6% 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.

Our main audit procedures 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 for the net realizable value of the inventory and assessed the reasonableness of the inventory valuation by sample-selecting inventory items and comparing the carrying amounts to the latest sales prices.

- We observed the year end inventory counts and inspected the condition of the inventory and determined the appropriateness of the recognized inventory impairment and obsolescence loss.

Other Matter

We did not audit the financial statements 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 the other auditors. The amount of the equity method investment in the abovementioned associate was NT$0 and NT$383,335 thousand, or 0% and 0.18% of the Group's consolidated total assets as of December 31, 2018 and 2017, respectively. The Group's share of the comprehensive income recognized under the equity method was NT$30,638 thousand and NT$35,600 thousand, or 0.11% and 0.20% of the Group's consolidated comprehensive income, for the years ended December 31, 2018 and 2017, respectively.

We have also audited the parent company only financial statements of Catcher Technology Co., Ltd. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unqualified opinion modified report.

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 FSC of Taiwan, 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, 2018 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 6, 2019

<u>*Notice to Readers*</u>

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 29,304,500	11	$ 17,016,764	8
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	341,864	-	-	-
Financial assets at amortized cost - current (Notes 4 and 9)	113,057,073	44	-	-
Debt investments with no active market - current (Notes 4 and 11)	-	-	89,617,629	42
Notes receivable (Notes 4 and 12)	33	-	-	-
Accounts receivable (Notes 4, 5 and 12)	25,023,569	10	32,128,919	15
Other receivables (Note 4)	740,196	-	454,213	-
Current tax assets (Note 28)	-	-	1,169	-
Inventories (Notes 4, 5 and 13)	25,184,994	10	9,292,285	4
Prepayments for leases (Note 19)	44,660	-	45,427	-
Other current assets (Note 20)	2,808,349	1	2,879,871	2
Total current assets	196,505,238	76	151,436,277	71
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	294,235	-	-	-
Available-for-sale financial assets - non-current (Notes 4 and 10)	-	-	58,500	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	874	-	-	-
Investments accounted for using the equity method (Notes 4 and 15)	-	-	539,922	-
Property, plant and equipment (Notes 4 and 16)	50,264,399	20	52,066,481	25
Investment properties (Notes 4 and 17)	592,731	-	239,892	-
Other intangible assets (Notes 4 and 18)	125,689	-	81,700	-
Deferred tax assets (Notes 4 and 28)	6,160,943	2	5,003,855	2
Long-term prepayments for leases (Note 19)	1,900,151	1	1,978,980	1
Other non-current assets (Note 20)	1,315,653	1	2,458,355	1
Total non-current assets	60,654,675	24	62,427,685	29
TOTAL	$ 257,159,913	100	$ 213,863,962	100

	December 31, 2018		December 31, 2017	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Note 21)	$ 73,633,259	29	$ 48,025,172	22
Contract liabilities - current (Notes 4 and 26)	35,176	-	-	-
Notes payable (Note 22)	29,271	-	173,386	-
Accounts payable (Note 22)	14,165,288	5	11,851,920	6
Other payables (Note 23)	9,896,239	4	9,496,564	4
Current tax liabilities (Notes 4 and 28)	3,925,637	1	4,511,274	2
Other current liabilities (Note 23)	2,305,614	1	3,267,944	2
Total current liabilities	103,990,484	40	77,326,260	36
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4, 5 and 28)	36,897	-	54,879	-
Net defined benefit liabilities - non-current (Notes 4 and 24)	6,552	-	6,551	-
Other non-current liabilities (Note 23)	1,801,665	1	3,341,593	2
Total non-current liabilities	1,845,114	1	3,403,023	2
Total liabilities	105,835,598	41	80,729,283	38
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)				
Share capital - ordinary shares	7,703,911	3	7,703,911	4
Capital surplus	20,238,740	8	20,270,956	9
Retained earnings				
Legal reserve	15,607,700	6	13,423,375	6
Special reserve	6,207,055	3	2,487,529	1
Unappropriated earnings	108,872,223	42	95,371,730	45
Total retained earnings	130,686,978	51	111,282,634	52
Other equity	(7,410,316)	(3)	(6,207,055)	(3)
Total equity attributable to owners of the Company	151,219,313	59	133,050,446	62
NON-CONTROLLING INTERESTS	105,002	-	84,233	-
Total equity	151,324,315	59	133,134,679	62
TOTAL	$ 257,159,913	100	$ 213,863,962	100

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

(With Deloitte & Touche auditors' report dated March 6, 2019)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 26)	$ 95,416,141	100	$ 93,295,960	100
OPERATING COSTS (Notes 13, 16, 24 and 27)	56,791,945	60	51,326,443	55
GROSS PROFIT	38,624,196	40	41,969,517	45
OPERATING EXPENSES (Notes 24 and 27)				
Selling and marketing expenses	582,933	-	442,407	-
General and administrative expenses	6,418,008	7	6,433,956	7
Research and development expenses	2,018,893	2	1,659,912	2
Total operating expenses	9,019,834	9	8,536,275	9
PROFIT FROM OPERATIONS	29,604,362	31	33,433,242	36
NON-OPERATING INCOME AND EXPENSES (Note 27)				
Interest income	2,883,113	3	1,541,320	1
Other income	4,416,882	5	3,763,029	4
Foreign exchange gains (losses), net	4,690,138	5	(5,832,245)	(6)
Other gains and losses	176,122	-	111,218	-
Interest expenses	(470,027)	(1)	(317,104)	-
Share of profit of associates	18,546	-	45,758	-
Total non-operating income and expenses	11,714,774	12	(688,024)	(1)
PROFIT BEFORE INCOME TAX	41,319,136	43	32,745,218	35
INCOME TAX EXPENSE (Notes 4 and 28)	13,324,283	14	10,887,619	12
NET PROFIT	27,994,853	29	21,857,599	23
OTHER COMPREHENSIVE INCOME (LOSS)				
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	668,323	1	-	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	5	-	8	-

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CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
	$ 668,328	1	$ 8	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 25)	(1,199,766)	(1)	(3,714,162)	(4)
Share of the other comprehensive loss of associates accounted for using the equity method (Note 25)	3,129	-	(12,426)	-
	(1,196,637)	(1)	(3,726,588)	(4)
Other comprehensive loss for the year, net of income tax	(528,309)	-	(3,726,580)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 27,466,544	29	$ 18,131,019	19
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 27,972,188	29	$ 21,843,250	23
Non-controlling interests	22,665	-	14,349	-
	$ 27,994,853	29	$ 21,857,599	23
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 27,445,775	29	$ 18,123,732	19
Non-controlling interests	20,769	-	7,287	-
	$ 27,466,544	29	$ 18,131,019	19
EARNINGS PER SHARE (Note 29)				
Basic	$ 36.31		$ 28.35	
Diluted	$ 35.87		$ 28.03	

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

(With Deloitte & Touche auditors' report dated March 6, 2019) (Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2017	$ 7,703,911	$ 20,269,657	$ 11,221,396	$ 2,377,902	$ 83,543,989	$ (2,487,529)	$ -	$ 122,629,326	$ 200,726	$ 122,830,052
Appropriation of the 2016 earnings										
Legal reserve	-	-	2,201,979	-	(2,201,979)	-	-	-	-	-
Special reserve	-	-	-	109,627	(109,627)	-	-	-	-	-
Cash dividends distributed by the Company - 100%	-	-	-	-	(7,703,911)	-	-	(7,703,911)	-	(7,703,911)
Changes in capital surplus from donations from shareholders	-	1,666	-	-	-	-	-	1,666	-	1,666
Net profit for the year ended December 31, 2017	-	-	-	-	21,843,250	-	-	21,843,250	14,349	21,857,599
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	8	(3,719,526)	-	(3,719,518)	(7,062)	(3,726,580)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	21,843,258	(3,719,526)	-	18,123,732	7,287	18,131,019
Disposals of investments accounted for using the equity method (Note 15)	-	(367)	-	-	-	-	-	(367)	-	(367)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(123,780)	(123,780)
BALANCE, DECEMBER 31, 2017	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										
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 and joint ventures 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 15)	-	(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, 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

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

(With Deloitte & Touche auditors' report dated March 6, 2019)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 41,319,136	$ 32,745,218
Adjustments for:		
Depreciation expenses	12,208,183	10,624,391
Amortization expenses	34,716	41,689
Loss on financial instruments at fair value through profit or loss	29,039	-
Amortization of prepayments for leases	45,297	34,415
Impairment loss on accounts receivable	-	14,467
Interest expenses	470,027	317,104
Interest income	(2,883,113)	(1,541,320)
Share of profit of associates	(18,546)	(45,758)
Gain on disposals of property, plant and equipment	(2,704)	(11,051)
Loss on disposals of other intangible assets	-	11
Gain on disposals of investments	(127,279)	(2,232)
Write-down of inventories	-	881,928
Unrealized (gain) loss on foreign currency exchange	(538,911)	1,871,394
Changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	45,110	-
Notes receivable	(33)	-
Accounts receivable	6,854,960	1,088,113
Other receivables	26,148	(42,785)
Inventories	(16,251,281)	(6,724,792)
Other current assets	42,352	(1,590,633)
Contract liabilities	(210,258)	-
Notes payable	(144,115)	114,169
Accounts payable	2,558,431	6,479,676
Other payables	719,375	1,486,753
Other current liabilities	(654,070)	921,372
Net defined benefit liabilities	1	2
Other non-current liabilities	(1,534,240)	(2,572,981)
Cash generated from operations	41,988,225	44,089,150
Dividends received	24,741	28,478
Income tax paid	(15,083,821)	(11,255,450)
Net cash generated from operating activities	26,929,145	32,862,178
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(1,792,337)	-
Proceeds from sale of financial assets at fair value through other comprehensive income	2,224,925	-
Purchase of available-for-sale financial assets	-	(58,500)
Purchase of financial assets at amortized cost	(402,726,162)	-
Proceeds from disposals of financial assets at amortized cost	380,559,211	-
Purchase of debt investments with no active market	-	(309,927,726)

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CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
Proceeds from disposals of debt investments with no active market	$ -	$ 277,169,334
Acquisitions of associates	(3,660)	-
Net cash inflow on disposal of associates	219,003	6,439
Acquisitions of property, plant and equipment	(10,987,989)	(13,192,238)
Proceeds from disposals of property, plant and equipment	40,422	251,778
Increase in refundable deposits	(2,712)	(192,030)
Decrease in refundable deposits	2,913	171,745
Acquisitions of other intangible assets	(77,451)	(15,509)
Proceeds from disposals of other intangible assets	-	1,636
Acquisitions of investment properties	(297)	(800)
Increase in prepayments for leases	-	(887,152)
Interest received	2,572,035	1,393,150
Net cash used in investing activities	(29,972,099)	(45,279,873)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	252,847,809	177,121,458
Repayments of short-term borrowings	(227,077,205)	(167,549,232)
Proceeds from long-term borrowings	-	1,355,000
Repayments of long-term borrowings	-	(1,500,000)
Proceeds from guarantee deposits received	92,338	556,617
Refunds of guarantee deposits received	(158,589)	(450,104)
Cash dividends paid	(9,244,692)	(7,703,911)
Proceeds from partial disposals of interests in subsidiaries	-	17,491
Interest paid	(452,251)	(320,873)
Decrease in non-controlling interests	-	(123,780)
Net cash generated from financing activities	16,007,410	1,402,666
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(676,720)	(1,635,200)
NET DECREASE IN CASH AND CASH EQUIVALENTS	12,287,736	(12,650,229)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	17,016,764	29,666,993
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 29,304,500	$ 17,016,764

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

(With Deloitte & Touche auditors' report dated March 6, 2019) (Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(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 6, 2019.

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 9 "Financial Instruments" and related amendments

      IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Please refer to Note 4 for information relating to the relevant accounting policies.

      Classification, measurement and impairment of financial assets

      On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as of January 1, 2018.

Financial Assets	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 17,016,764	$ 17,016,764	c)
Equity securities	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	58,500	58,500	a)
Time deposits with original maturities of more than 3 months	Loans and receivables	Amortized cost	89,617,629	89,617,629	b)
Accounts receivables and other receivables	Loans and receivables	Amortized cost	32,583,132	32,583,132	c)
Refundable deposits	Loans and receivables	Amortized cost	26,778	26,778	c)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	IFRS 9 Carrying Amount as of January 1, 2018	Remark
FVTOCI				
Equity instruments	$ -			
Add: Reclassification from available-for-sale (IAS 39)	-	$ 58,500		a)
	-	58,500	$ 58,500	
Amortized cost				
Add: Reclassification from debt investments in instruments with no active market (IAS 39)	-	89,617,629		b)
Add: Reclassification from loans and receivables (IAS 39)	-	49,626,674		c)
	-	139,244,303	139,244,303	
	$ -	$ 139,302,803	$ 139,302,803	

a) The Group elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading.

b) Debt investments previously classified as debt investments with no active market and measured at amortized cost under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

c) Cash and cash equivalents, accounts receivables, other receivables and refundable deposits that were previously classified as loans and receivables under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, receivables were recognized or deferred revenue was reduced when revenue was recognized for the relevant contract under IAS 18.

The Group elected to retrospectively apply IFRS 15 only to contracts that were not complete as of January 1, 2018 and recognize the cumulative effect of the change in retained earnings on January 1, 2018.

The impact on liabilities as of January 1, 2018 from the initial application of IFRS 15 is set out below:

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Contract liabilities - current	$ -	$ 245,434	$ 245,434
Other current liabilities	3,267,944	(245,434)	3,022,510
Total effect on liabilities	$ 3,267,944	$ -	$ 3,267,944

Had the Group applied IAS 18 in the current year, the following adjustments should have been made to reflect the line items and balances under IFRS 15.

Impact on liabilities for current year

	December 31, 2018
Decrease in contract liability - current	$ (35,176)
Increase in other current liabilities	35,176
Total effect on liabilities	$ -

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from January 1, 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease" and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Group will elect 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 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present 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 portion of lease liabilities and cash payments for the interest portion will be classified within financing activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Except for the leases of investment properties mentioned below, lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases under IAS 17. Lease liabilities will be 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 will be 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 expedients which are to be applied, the Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group will adjust the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized as of December 31, 2018.

c) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

d) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

e) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

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

The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Prepayments for leases - current	$ 893	$ (893)	$ -
Prepayments for leases - non-current	1,442	(1,442)	-
Right-of-use assets	-	101,442	101,422
Total effect on assets	$ 2,335	$ 99,087	$ 101,422
Lease liabilities - current	$ -	$ 10,393	$ 10,393
Lease liabilities - non-current	-	88,694	88,694
Total effect on liabilities	$ -	$ 99,087	$ 99,087

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 will apply the above amendments prospectively.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group’s financial position and financial performance and will disclose these other impacts 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 1)
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
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 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: 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 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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 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, which 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

<u>Principles for preparing consolidated financial statements</u>

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 14, 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, the functional currencies of the group entities (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated 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.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss.

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.

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.

l. Financial instruments

Financial assets and financial liabilities are recognized when a group entity 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

2018

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, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 32.

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, 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.

Cash equivalents include time deposits 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.

<u>2017</u>

Financial assets of the Group are classified as available-for-sale financial assets and loans and receivables.

i. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

ii. Loans and receivables

Loans and receivables (including accounts receivable, cash and cash equivalents, debt investment with no active market trade, other receivable, and refundable deposits) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets and contract assets

<u>2018</u>

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Group always recognizes lifetime expected credit losses (i.e. 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.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected.

For financial assets measured at amortized cost, such as accounts receivable, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset measured at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For any available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to impairment is recognized in other comprehensive income.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable accounts receivable that are written off against the 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.

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

Starting from 2018, 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, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and 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 a group entity 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 a group entity 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

<u>2018</u>

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

<u>Revenue from the sale of goods</u>

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 risks and rewards of the materials' ownership.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale based on the Group's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

   Revenue from the sale of goods is recognized when all the following conditions are satisfied:

   a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

   b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

   c) The amount of revenue can be measured reliably;

   d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

   e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Dividend and interest income

   Dividend income is recognized when a shareholder's right to receive payment has been established.

   Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

n. Leasing

Leases are classified as finance lease 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 as finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group.

   If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with their classification of lease. 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 that which is 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 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 at 10% of unappropriated earnings is provided for as income tax 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.

a. Income taxes

As of December 31, 2018 and 2017, the Company's management resolved that the unappropriated retained earnings of overseas subsidiaries as of December 31, 2017 will be used for permanent investment; this was approved by the board of directors on March 5, 2018. 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.

b. Write-down of inventories

Net realizable value of inventory 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 selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	**2017**
Cash on hand	$ 4,282	$ 4,063
Deposits in banks	1,825,853	2,277,763
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	26,929,355	14,154,997
Repurchase agreements	545,010	579,941
	$ 29,304,500	$ 17,016,764

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

	December 31	
	2018	**2017**
Time deposits	0.6%-4.12%	0.91%-3.19%
Repurchase agreements	3.15%-3.4%	1.7%-2.0%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

		December 31, 2018
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic quoted shares	$	341,864

The Group holds 9.998% of the ordinary shares of Sinher Technology Co., Ltd. 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 15).

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

Investments in equity instruments at Fair Value Through Other Comprehensive Income

		December 31, 2018
Non-current		
Domestic investments		
Unlisted shares		
Ordinary shares - Alpha Information Systems, Inc.	$	35,580
Ordinary shares - CDIB Capital Innovation Accelerator Co., Ltd.		29,400
Foreign investments		
Limited partnerships		229,255
	$	294,235

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. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3, and Note 10 for information relating to their reclassification and comparative information for 2017.

The Group invested US$7,464 thousand in China Renewable Energy Fund, L.P. in November 2018 and the fund share ratio is 23.53%. 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 - 2018

	December 31, 2018
Current	
Domestic investments	
Time deposits with original maturity of more than 3 months	$ 112,963,356
Repurchase agreements	68,461
Refundable deposits	25,256
	$ 113,057,073
Non-current	
Domestic investments	
Refundable deposits	$ 874

The interest rates for time deposits with original maturity of more than 3 months was 0.64% ~ 3.28% as at the end of the reporting period. The time deposits were classified as debt investments with no active market under IAS 39. Refer to Note 3 and Note 11 for information relating to their reclassification and comparative information for 2017.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - NON-CURRENT - DECEMBER 31, 2017

Unlisted shares	$ 58,500

11. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	December 31, 2017
Time deposits with original maturities of more than 3 months	$ 89,617,629
Range of interest rates	1.51%-2.20%

12. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2018
Notes receivable	
At amortized cost	
Gross carrying amount	$ 33
Notes receivable - operating	$ 33

	December 31	
	2018	2017
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 25,080,753	$ 32,186,563
Less: Allowance for impairment loss	(57,184)	(57,644)
	$ 25,023,569	$ 32,128,919

a. Notes receivable

The Group's notes receivable were not past due, and the Group did not recognize an allowance for loss of notes receivable as of December 31, 2018 and 2017.

b. Accounts receivable

In 2018

The average credit period of sales of goods was 30 to 180 days. No interest was charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to 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 forecast 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 an account receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable 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 accounts receivable based on the Group's provision matrix as of December 31, 2018.

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 ECL)	(57,136)	(48)	-	(57,184)
Amortized cost	$ 24,207,810	$ 815,552	$ 207	$ 25,023,569

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

	For the Year Ended December 31, 2018
Balance at January 1, 2018 per IAS 39	$ 57,644
Foreign exchange gains and losses	(460)
Balance at December 31, 2018	$ 57,184

In 2017

The Group applied the same credit policy in 2018 and 2017. The allowance for impairment loss was based on estimated irrecoverable amounts individually determined by reference to an analysis of the customer's current financial position.

For some accounts receivable balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging analysis based on the invoice date of receivables was as follows:

	December 31, 2017
Up to 90 days	$ 16,604,987
91 - 120 days	10,470,734
121 - 150 days	3,676,175
151 - 180 days	1,374,632
181 - 240 days	9,605
More than 241 days	50,430
	$ 32,186,563

The aging analysis based on the invoice date of receivables that were past due but not impaired was as follows:

	December 31, 2017
121 - 150 days	$ 158
151 - 180 days	251,259
181 - 240 days	9,605
More than 241 days	1,224
	$ 262,246

The movements of the allowance for doubtful accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ 43,898	$ -	$ 43,898
Add: Amounts written off	-	14,467	14,467
Foreign exchange translation gains and losses	(721)	-	(721)
Balance at December 31, 2017	$ 43,177	$ 14,467	$ 57,644

13. INVENTORIES

	December 31	
	2018	2017
Merchandise	$ 1,955	$ 12,850
Finished goods	11,690,967	3,322,851
Work-in-process and semi-finished goods	10,979,503	3,913,305
Raw materials and supplies	2,512,569	2,043,279
	$ 25,184,994	$ 9,292,285

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was NT$56,787,360 thousand and NT$51,329,734 thousand, respectively.

The cost of goods sold for the year ended December 31, 2017 included inventory write-downs of NT$881,928 thousand.

14. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Main Business	% of Ownership December 31 2018	% of Ownership December 31 2017	Remark
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	-	a.
	Yi Sheng Co., Ltd.	Investing activities	100	-	a.
	Yi De Co., Ltd.	Investing activities	100	-	a.
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	
	Grus International Co., Ltd.	Investing activities	-	100	b.
	Norma International Co, Ltd.	Investing activities	100	100	
Castmate International Co., Ltd.	Cygnus International Co., Ltd.	Investing activities	100	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	
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	

a. Catcher Technology Co., Ltd. incorporated its 100% owned subsidiaries Ke Yue Co., Ltd., Yi Sheng Co., Ltd. and Yi De Co., Ltd. in March 2018 in Taiwan.

b. Grus International Co., Ltd. was liquidated and dissolved in December 2018.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in associates		
Associates that are not individually material	$ -	$ 539,922

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

	December 31	
	2018	2017
The Group's share of:		
Net profit	$ 18,546	$ 45,758
Other comprehensive income (loss)	3,134	(12,418)
Total comprehensive income for the year	$ 21,680	$ 33,340

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 transaction gain 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	30
Gain recognized	$ 28,728

In 2018 and 2017, the Group disposed of its shares in Sinher Technology Co., Ltd. Capital surplus as of December 31, 2018 and 2017 decreased by NT$2,812 thousand and NT$367 thousand, respectively, and the recognized gain on the disposal of investments for the years then ended was NT$8,489 thousand and NT$2,232 thousand, respectively.

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 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 transaction gain 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	1,430
Gain recognized	$ 90,062

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

16. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Furniture and Fixtures	Miscellaneous Equipment	Leasehold Improvement	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2017	$ 2,179,324	$ 20,142,578	$ 61,639,586	$ 112,772	$ 1,804,131	$ 2,518,612	$ 288	$ 1,964,453	$ 90,361,744
Additions	-	444,319	7,154,913	46,225	811,271	962,134	-	1,909,443	11,328,305
Disposals	-	(238)	(666,122)	(6,713)	(20,504)	(135,924)	-	-	(829,501)
Reclassification	-	2,379,066	1,154,123	7,741	(44,071)	216,197	-	(2,386,286)	1,326,770
Effect of foreign currency exchange differences	-	(375,205)	(473,501)	(1,331)	(25,328)	(27,741)	(6)	(14,846)	(917,958)
Balance at December 31, 2017	$ 2,179,324	$ 22,590,520	$ 68,808,999	$ 158,694	$ 2,525,499	$ 3,533,278	$ 282	$ 1,472,764	$101,269,360
Accumulated depreciation and impairment									
Balance at January 1, 2017	$ -	$ 4,500,304	$ 32,470,966	$ 72,206	$ 898,823	$ 1,364,369	$ 34	$ -	$ 39,306,702
Depreciation	-	1,420,452	8,233,196	19,383	352,315	593,108	56	-	10,618,510
Disposals	-	(71)	(431,677)	(3,511)	(19,269)	(134,246)	-	-	(588,774)
Reclassification	-	-	-	-	(5,001)	5,001	-	-	-
Effect of foreign currency exchange differences	-	(70,765)	(40,102)	(781)	(10,206)	(11,704)	(1)	-	(133,559)
Balance at December 31, 2017	$ -	$ 5,849,920	$ 40,232,383	$ 87,297	$ 1,216,662	$ 1,816,528	$ 89	$ -	$ 49,202,879
Carrying amounts at December 31, 2017	$ 2,179,324	$ 16,740,600	$ 28,576,616	$ 71,397	$ 1,308,837	$ 1,716,750	$ 193	$ 1,472,764	$ 52,066,481
Cost									
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	$ 2,179,324	$ 24,625,849	$ 74,657,204	$ 184,501	$ 2,803,950	$ 4,086,179	$ 277	$ 783,392	$109,320,676
Accumulated depreciation and impairment									
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	$ -	$ 6,793,732	$ 48,193,228	$ 108,677	$ 1,633,737	$ 2,326,760	$ 143	$ -	$ 59,056,277
Carrying amounts at January 1, 2018	$ 2,179,324	$ 16,740,600	$ 28,576,616	$ 71,397	$ 1,308,837	$ 1,716,750	$ 193	$ 1,472,764	$ 52,066,481
Carrying amounts at December 31, 2018	$ 2,179,324	$ 17,832,117	$ 26,463,976	$ 75,824	$ 1,170,213	$ 1,759,419	$ 134	$ 783,392	$ 50,264,399

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

17. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2017	$ 203,363	$ 157,388	$ 360,751
Additions	-	800	800
Balance at December 31, 2017	$ 203,363	$ 158,188	$ 361,551
Accumulated depreciation			
Balance at January 1, 2017	$ -	$ 115,778	$ 115,778
Depreciation	-	5,881	5,881
Balance at December 31, 2017	$ -	$ 121,659	$ 121,659
Carrying amounts at December 31, 2017	$ 203,363	$ 36,529	$ 239,892
Cost			
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)
Balance at December 31, 2018	$ 203,363	$ 922,809	$ 1,126,172
Accumulated depreciation			
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)
Balance at December 31, 2018	$ -	$ 533,441	$ 533,441
Carrying amounts at December 31, 2018	$ 203,363	$ 389,368	$ 592,731

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 value of the Group's investment properties was measured by independent qualified professional appraisers, and the fair value was measured by using Level 3 inputs.

	December 31	
	2018	2017
Fair value	$ 3,530,482	$ 428,544

All of the Group's investment properties were held under freehold interests.

18. OTHER INTANGIBLE ASSETS

	Computer Software	Emission License	Total
Cost			
Balance at January 1, 2017	$ 258,113	$ -	$ 258,113
Additions	15,509	-	15,509
Disposals	(15,671)	-	(15,671)
Effect of foreign currency exchange differences	(4,835)	-	(4,835)
Balance at December 31, 2017	$ 253,116	$ -	$ 253,116
Accumulated amortization			
Balance at January 1, 2017	$ 148,720	$ -	$ 148,720
Amortization expense	38,995	-	38,995
Disposals	(14,024)	-	(14,024)
Effect of foreign currency exchange differences	(2,275)	-	(2,275)
Balance at December 31, 2017	$ 171,416	$ -	$ 171,416
Carrying amounts at December 31, 2017	$ 81,700	$ -	$ 81,700
Cost			
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)
Balance at December 31, 2018	$ 309,397	$ 17,478	$ 326,875
Accumulated amortization			
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)
Balance at December 31, 2018	$ 198,564	$ 2,622	$ 201,186
Carrying amounts at December 31, 2018	$ 110,833	$ 14,856	$ 125,689

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

19. PREPAYMENTS FOR LEASES

	December 31	
	2018	2017
Current assets	$ 44,660	$ 45,427
Non-current assets	1,900,151	1,978,980
	$ 1,944,811	$ 2,024,407

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 and 2017, prepaid lease payments include land use rights with carrying amounts of NT$1,651 thousand and NT$2,733 thousand, respectively.

Topo Suzhou and Meeca 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 Meeca 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 and 2017, prepaid lease payments included the rights to use the land in mainland China with carrying amounts of NT$1,943,160 thousand and NT$2,021,674 thousand, respectively.

20. OTHER ASSETS

	December 31	
	2018	2017
Current		
VAT retained	$ 2,028,637	$ 2,459,771
Prepaid expenses	254,488	192,176
Office supplies	506,316	156,364
Prepayments to suppliers	4,642	27,269
Refundable deposits	-	25,803
Others	14,266	18,488
	$ 2,808,349	$ 2,879,871
Non-current		
Prepaid equipment	$ 1,313,622	$ 2,455,774
Refundable deposits	-	975
Others	2,031	1,606
	$ 1,315,653	$ 2,458,355

21. BORROWINGS

Short-term borrowings

	December 31	
	2018	2017
Unsecured borrowings		
Bank unsecured loans	$ 73,633,259	$ 47,264,000
Bank letter of credit loans	-	761,172
	$ 73,633,259	$ 48,025,172

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

	December 31	
	2018	2017
Bank unsecured loans	0.58%-4.785%	0.58%-0.80%
Bank letter of credit loans	-	0.48%

22. NOTES PAYABLE AND ACCOUNTS PAYABLE

Both notes payable and accounts payable 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.

23. OTHER LIABILITIES

	December 31	
	2018	2017
Current		
Other payables		
Payables for salaries and bonuses	$ 3,150,214	$ 2,659,911
Payables for employees' compensation	3,647,543	3,527,044
Payables for purchases of equipment	511,474	853,980
Payables for maintenance	263,649	208,014
Payables for taxes	174,738	304,276
Payables for meals	150,518	141,751
Payables for annual leave	147,679	123,633
Payables for utilities	142,087	51,282
Payables for benefits	10,420	116,508
Payables for shipping expenses and warehousing	78,787	45,320
Payables for labor and health insurance	38,266	31,734
Remuneration of directors	16,892	16,892
Payables for interest	33,221	11,674

(Continued)

	December 31	
	2018	2017
Payables for professional service fees	$ 509	$ 5,787
Payables for warranties	5,318	5,412
Payables for commission fees	252	257
Others	1,524,672	1,393,089
	$ 9,896,239	$ 9,496,564
Other liabilities		
Deferred revenue	$ 1,640,515	$ 1,589,508
Advance sales receipts	2,832	247,782
Guarantee deposits received	118,375	181,201
Payables for value-added tax	3,144	8,456
Others	540,748	1,240,997
	$ 2,305,614	$ 3,267,944
Non-current		
Other liabilities		
Deferred revenue	$ 1,777,224	$ 3,311,474
Guarantee deposits received	24,341	30,029
Others	100	90
	$ 1,801,665	$ 3,341,593

(Concluded)

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the 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 2018	December 31 2017
Present value of defined benefit obligation	$ 74,967	$ 70,851
Fair value of plan assets	(68,415)	(64,300)
Net defined benefit liabilities	$ 6,552	$ 6,551

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, 2017	$ 70,098	$ (63,549)	$ 6,549
Service cost			
Current service cost	1,850	-	1,850
Net interest expense (income)	970	(893)	77
Recognized in profit or loss	2,820	(893)	1,927
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	230	230
Actuarial loss - changes in demographic assumptions	171	-	171
Actuarial loss - changes in financial assumptions	855	-	855
Actuarial gain - experience adjustments	(1,256)	-	(1,256)
Recognized in other comprehensive income	(230)	230	-
Contributions from the employer	-	(1,925)	(1,925)
Benefits paid	(1,837)	1,837	-
Balance at December 31, 2017	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	2,779	(814)	1,965
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	542	-	542

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Recognized in other comprehensive income	$ 1,797	$ (1,797)	$ -
Contributions from the employer	-	(1,964)	(1,964)
Benefits paid	(460)	460	-
Balance at December 31, 2018	$ 74,967	$ (68,415)	$ 6,552

(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	
	2018	2017
Operating costs	$ 1,306	$ 1,289
Selling and marketing expenses	85	83
General and administrative expenses	370	354
Research and development expenses	204	201
	$ 1,965	$ 1,927

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	
	2018	2017
Discount rate	1.125%	1.25%
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	
	2018	2017
Discount rate		
0.25% increase	$ (2,127)	$ (1,737)
0.25% decrease	$ 2,201	$ 1,780
Expected rate of salary increase		
0.25% increase	$ 2,104	$ 1,727
0.25% decrease	$ (2,044)	$ (1,675)

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	
	2018	2017
Expected contributions to the plan for the next year	$ 1,965	$ 1,700
Average duration of the defined benefit obligation	12 years	13 years

25. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2018	2017
Number of shares authorized (in thousands)	1,000,000	1,000,000
Shares authorized	$ 10,000,000	$ 10,000,000
Number of shares issued and fully paid (in thousands)	770,391	770,391
Shares issued	$ 7,703,911	$ 7,703,911

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, 2018 and 2017, there were 574 thousand units and 497 thousand units of outstanding GDRs, equivalent to 2,870 thousand ordinary shares and 2,485 thousand ordinary shares, respectively.

b. Capital surplus

	December 31	
	2018	2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
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	1,422
Donations from shareholders	1,971	1,666
May be used to offset a deficit only (2)		
Share of changes in capital surplus of associates	-	32,521
	$ 20,238,740	$ 20,270,956

1) 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).

2) Such capital surplus arises from the effect of changes in ownership interests in associates resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of associates accounted for using the equity method.

c. Retained earnings and dividends policy

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

1) Offset against deficit, if any;

2) Appropriate 10% of the remainder 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) Use by the Company's board of directors any remaining profit together with any undistributed retained earnings as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting.

The Company is still in the growing stage and is continuing to expand its operating scale in consideration of the viability of the economic situation. The board of directors shall focus on growing dividends stably 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.

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 27(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 2017 and 2016 were approved in the shareholders' meetings on June 11, 2018 and June 19, 2017, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2017	**2016**	**2017**	**2016**
Legal reserve	$ 2,184,325	$ 2,201,979		
Special reserve	3,719,526	109,627		
Cash dividends	9,244,692	7,703,911	$ 12	$ 10

The appropriations of earnings for 2018 was proposed by the Company's board of directors on March 6, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 2,797,219	
Special reserve	1,203,262	
Cash dividends	9,244,693	$ 12

The appropriations of earnings for 2018 are subject to resolution in the shareholders' meeting to be held on June 12, 2019.

d. Other equity items

Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2018	**2017**
Balance as of January 1	$ (6,207,055)	$ (2,487,529)
Exchange differences arising on translating foreign operations	(1,197,870)	(3,707,100)
Share of exchange difference of associates accounted for using the equity method	1,477	(12,429)
Share of exchange difference upon disposal of associates accounted for using the equity method	1,652	3
Balance as of December 31	$ (7,401,796)	$ (6,207,055)

e. Non-controlling interests

	For the Year Ended December 31	
	2018	2017
Balance as of January 1	$ 84,233	$ 200,726
Attributable to non-controlling interests:		
Share of profit for the year	22,665	14,349
Exchange differences on translating foreign operations	(1,896)	(7,062)
Distribution of earnings of subsidiaries	-	(56,561)
Return of capital reduction and liquidation of subsidiaries	-	(67,219)
Balance as of December 31	$ 105,002	$ 84,233

26. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers		
Revenue from the sale of metal casing	$ 95,347,242	$ 93,277,048
Rental income	68,899	18,912
	$ 95,416,141	$ 93,295,960

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, 2018
Accounts receivable (Note 12)	$ 25,080,753
Contract liabilities - current	
Sale of goods	$ 35,176

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment. Revenue of the reporting period recognized from the beginning contract liabilities and from the performance obligations which were satisfied in the previous periods is as follows:

	For the Year Ended December 31, 2018
From the beginning contract liabilities	
Sale of goods	$ 224,094

c. Disaggregation of revenue

Refer to Note 37 for information about disaggregation of revenue.

27. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2018	2017
Government grants	$ 4,158,682	$ 3,629,664
Recycling income	247,538	127,165
Others	10,662	6,200
	$ 4,416,882	$ 3,763,029

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Gains on disposals of investments	$ 127,279	$ 2,232
Fair value changes of financial assets mandatorily classified as at FVTPL	(29,039)	-
Others	77,882	108,986
	$ 176,122	$ 111,218

c. Interest expense

	For the Year Ended December 31	
	2018	2017
Interest on bank loans	$ 470,027	$ 317,104

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 12,166,897	$ 10,618,510
Investment properties	41,286	5,881
Intangible assets and other assets	34,716	41,689
	$ 12,242,899	$ 10,666,080
An analysis of depreciation by function		
Operating costs	$ 11,047,320	$ 9,336,302
Operating expenses	1,160,863	1,288,089
	$ 12,208,183	$ 10,624,391

(Continued)

	For the Year Ended December 31	
	2018	2017
An analysis of amortization by function		
Operating costs	$ 11,023	$ 7,503
Operating expenses	23,693	34,186
	$ 34,716	$ 41,689

(Concluded)

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2018	2017
Direct operating expenses from investment properties generating rental income	$ 7,289	$ 7,749

f. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits		
Salaries	$ 20,321,212	$ 17,794,726
Labor and health insurance	1,252,056	174,671
Remuneration of directors	17,850	17,830
Others	1,410,376	1,809,348
	23,001,494	19,796,575
Post-employment benefits		
Defined contribution plans	2,035,864	1,355,613
Defined benefit plans (Note 24)	1,965	1,927
	2,037,829	1,357,540
	$ 25,039,323	$ 21,154,115
An analysis of employee benefits expense by function		
Operating costs	$ 20,431,445	$ 16,840,249
Operating expenses	4,607,878	4,313,866
	$ 25,039,323	$ 21,154,115

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, 2018 and 2017, which were approved by the Company's board of directors on March 6, 2019 and March 5, 2018, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Compensation of employees	5.63%	8.74%
Remuneration of directors	based on previous experience	based on previous experience

Amount

	For the Year Ended December 31			
	2018		2017	
	Cash	Shares	Cash	Shares
Compensation of employees	$ 1,844,383	$ -	$ 2,421,231	$ -
Remuneration of directors	16,892	-	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, 2017 and 2016.

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	
	2018	2017
Foreign exchange gains	$ 34,828,650	$ 12,709,683
Foreign exchange losses	(30,138,512)	(18,541,928)
	$ 4,690,138	$ (5,832,245)

28. INCOME TAXES

a. Income tax expense (benefit)

The major components of income tax expense (benefit) recognized in profit or loss were as follows:

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	$ 13,774,131	$ 10,904,201
Income tax on unappropriated earnings	669,472	1,200,427
Adjustment for prior years	116,256	71,020
	14,559,859	12,175,648
Deferred tax		
In respect of the current year	(1,151,702)	(1,288,029)
Adjustments to deferred tax attributable to changes in tax rates and laws	(83,874)	-
	(1,235,576)	(1,288,029)
	$ 13,324,283	$ 10,887,619

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

	For the Year Ended December 31	
	2018	2017
Profit before income tax	$ 41,319,136	$ 32,745,218
Income tax expense calculated at the statutory rate	$ 9,263,171	$ 7,925,433
Unrecognized temporary differences		
Repatriation of subsidiaries' earnings	-	1,581,679
Accumulated depreciation tax difference	19,766	-
Nondeductible expenses in determining taxable income		
Research and development tax credits from China	(164,677)	(77,144)
Nondeductible expenses in determining taxable income	29,484	55,680
Withholding tax on remittance of earnings	3,494,486	-
Alternative minimum tax	80,354	-
Effect of tax rate changes	(83,874)	-
Tax-exempt income	(25,877)	(379)
Additional income tax on unappropriated earnings	669,472	1,200,427
5-year tax-exempt income	(87,361)	(69,330)
Unrecognized loss carryforwards	13,083	200,233
Adjustments for prior years' tax	116,256	71,020
	$ 13,324,283	$ 10,887,619

In 2017, the applicable corporate income tax rate used by the Group entities in the ROC was 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. 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.

As the status of the 2019 appropriation of earnings is uncertain, the potential income tax consequences of the 2018 unappropriated earnings are not reliably determinable.

b. Current tax assets and liabilities

	December 31 2018	December 31 2017
Current tax assets		
Tax refund receivable	$ -	$ 1,169
Current tax liabilities		
Income tax payable	$ 3,925,637	$ 4,511,274

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, 2018

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets				
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
	$ 5,003,855	$ 1,217,594	$ (60,506)	$ 6,160,943
Deferred tax liabilities				
Temporary differences				
Depreciation differences	$ 42,282	$ (17,982)	$ -	$ 24,300
Reserves for land value increment tax	12,597	-	-	12,597
	$ 54,879	$ (17,982)	$ -	$ 36,897

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
Deferred tax assets				
Temporary differences				
Provisions for losses on inventories	$ 41,401	$ 120,596	$ (336)	$ 161,661
Depreciation differences	2,294,286	651,212	(44,043)	2,901,455
Unrealized intercompany profit	1,270,234	543,464	(81,206)	1,732,492
Unrealized sales returns	1,687	(802)	-	885
Defined benefit obligation	1,113	-	-	1,113
Payables for annual leave	32,246	3,892	(485)	35,653
Impairment loss on property, plant and equipment	28,019	(17,509)	-	10,510
Deferred revenue	119,967	(119,967)	-	-
Other payables	109,821	(98,119)	-	11,702
Allowances for impaired receivables	8,865	-	(180)	8,685
Unrealized foreign exchange losses	-	100,836	-	100,836
Others	29,540	9,853	(530)	38,863
	3,937,179	1,193,456	(126,780)	5,003,855
Tax losses	35,695	(34,675)	(1,020)	-
	$ 3,972,874	$ 1,158,781	$ (127,800)	$ 5,003,855
Deferred tax liabilities				
Temporary differences				
Depreciation differences	$ 47,761	$ (5,479)	$ -	$ 42,282
Unrealized foreign exchange gains	123,769	(123,769)	-	-
Reserves for land value increment tax	12,597	-	-	12,597
	$ 184,127	$ (129,248)	$ -	$ 54,879

d. Information about unused loss carryforwards and tax exemptions

Loss carryforwards as of December 31, 2018 comprised:

Unused Amount	Expiry Year
$ 982,297	2020
373,666	2021
588,364	2022
136,399	2023
$ 2,080,726	

As of December 31, 2018, 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$143,158,327 thousand and NT$124,310,697 thousand as of December 31, 2018 and 2017, respectively.

f. Income tax assessments

The tax returns of the Company through 2016 have been assessed by the tax authorities.

29. 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	
	2018	2017
Profit for the year attributable to owners of the Company	$ 27,972,188	$ 21,843,250

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

	For the Year Ended December 31	
	2018	2017
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	9,414	8,853
Weighted average number of ordinary shares used in the computation of diluted earnings per share	779,805	779,244

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.

30. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Catcher Technology Co., Ltd. entered into an agreement to lease land from Taiwan Sugar Corporation. The lease period is from April 2000 to April 2050. Aquila Technology (Suqian) Co., Ltd. entered into an agreement to lease buildings with lease terms from May 2016 to April 2020.

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

	December 31	
	2018	2017
Not later than 1 year	$ 5,888	$ 8,613
Later than 1 year and not later than 5 years	19,310	28,656
Later than 5 years	107,160	172,785
	$ 132,358	$ 210,054

b. The Group as lessor

Operating leases relate to the investment properties owned by the Group with lease terms from July 2016 to February 2023. The lessee does not have a bargain purchase option to acquire the properties at the expiry of the lease period.

The future minimum lease payments of operating leases are as follows:

	December 31	
	2018	2017
Not later than 1 year	$ 65,283	$ 21,214
Later than 1 year and not later than 5 years	181,322	22,635
	$ 246,605	$ 43,849

31. 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.

32. 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 (2018), debt investments with no active market (2017), 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 31,2018

	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

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Unlisted securities - ROC equity securities	$ -	$ -	$ 58,500	$ 58,500

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

For the year ended December 31, 2018

	Financial assets at fair value through other comprehensive income
Balance at January 1, 2018	$ 58,500
Addition	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)	(8,520)
Balance at December 31, 2018	$ 294,235

For the year ended December 31, 2017

	Available-for-sale Financial Assets Equity Instruments
Balance at January 1, 2017	$ -
Purchases	58,500
Balance at December 31, 2017	$ 58,500

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

The fair values of unlisted equity securities in the ROC were estimated based on recent net equity.

c. Categories of financial instruments

	December 31	
	2018	2017
Financial assets		
Financial assets at fair value through profit or loss		
Mandatorily classified as at fair value through profit or loss	$ 341,864	$ -
Loans and receivables (i)	-	139,244,303
Available-for-sale financial assets	-	58,500
Financial asset at amortized cost (ii)	168,126,245	-
Financial assets at fair value through other comprehensive income		
Equity instruments	294,235	-
Financial liabilities		
Financial liabilities measured at amortized cost (iii)	97,866,773	69,758,272

(i) The balance includes loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, accounts receivable, other receivables and refundable deposits.

(ii) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, accounts receivable, other receivables and refundable deposits.

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

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, and borrowings. 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 (1) below), interest rates (see (2) below) and other prices (see (3) 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 35.

Sensitivity analysis

The Group was mainly exposed to the United States dollars (USD) and Japanese Yen (JPY).

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		
	2018	**2017**	
Profit or loss	$ 927,040	$ 742,013	i.

	JPY Impact		
	For the Year Ended December 31		
	2018	**2017**	
Profit or loss	$ 1,232	$ (7,911)	ii.

i. This was mainly attributable to the exposure on outstanding USD-denominated cash and cash equivalents, financial assets at amortized cost (2018), debt investments with no active market (2017), and receivables and payables which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding JPY-denominated cash and cash equivalents which was not hedged at the end of the reporting period.

The Group's sensitivity to the USD increased during the current period mainly due to the increase 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 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	
	2018	**2017**
Fair value interest rate risk		
Financial assets	$ 140,825,673	$ 104,352,567
Cash flow interest rate risk		
Financial assets	1,825,853	2,277,763
Financial liabilities	73,633,259	48,025,172

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, 2018 and 2017 would have decreased/increased by NT$71,807 thousand and NT$45,747 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 increased during the current period mainly due to the increase in variable rate debt instruments.

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 year ended December 31, 2018 would have increased/decreased by NT$3,419 thousand, 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, 2018 and 2017 was as follows:

	December 31			
	2018		**2017**	
	Amount	**%**	**Amount**	**%**
Customer A	$ 8,851,155	35	$ 8,585,276	27
Customer B	8,344,938	33	17,482,359	54
Customer C	4,464,585	18	1,092,925	3

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, 2018

	Less than 3 Months	**3 Months to 1 Year**	**1-5 Years**
Non-derivative financial liabilities			
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	2,162,136	3,044,939	-
	$ 63,399,003	$ 35,091,030	$ 24,341

December 31, 2017

	Less than 3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities			
Non-interest bearing	$ 14,757,685	$ 6,945,135	$ 30,280
Variable interest rate liabilities	33,596,810	14,519,213	-
	$ 48,354,495	$ 21,464,348	$ 30,280

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	
	2018	2017
Unsecured bank loan facilities		
Amount used	$ 74,076,184	$ 48,952,163
Amount unused	22,658,552	12,670,039
	$ 96,734,736	$ 61,622,202

33. 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	
	2018	2017
Short-term employee benefits	$ 373,077	$ 751,454
Post-employment benefits	27,245	21,241
	$ 400,322	$ 772,695

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.

34. 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, 2018 and 2017 were as follows:

a. As of December 31, 2018 and 2017, the unused letters of credit of the Group for purchasing raw materials and equipment were NT$266,923 thousand and NT$682,747 thousand, respectively.

b. Unrecognized commitments are as follows:

	December 31	
	2018	2017
Acquisition of property, plant and equipment	$ 2,273,723	$ 9,221,898
Acquisition of inventories	$ 29,247	$ 114,218

35. 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, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
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
Financial liabilities			
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

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,867,282	29.71 (USD:NTD)	$ 85,186,933
USD	1,909,666	6.5342 (USD:RMB)	56,831,668
Financial liabilities			
Monetary items			
USD	1,013,934	29.81 (USD:NTD)	30,225,368
USD	1,263,169	6.5342 (USD:RMB)	37,591,897
JPY	2,971,992	0.2662 (JPY:NTD)	791,072

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			
	2018		2017	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	30.149 (USD:NTD)	$ (49,226)	30.432 (USD:NTD)	$ 5,046
NTD	1 (NTD:NTD)	2,742,899	1 (NTD:NTD)	(3,514,539)
RMB	4.5628 (RMB:NTD)	1,996,465	4.5059 (RMB:NTD)	(2,322,752)
		$ 4,690,138		$ (5,832,245)

36. 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

37. 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, 2018 and 2017 and information on assets is referenced from the consolidated balance sheets as of December 31, 2018 and 2017.

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	
	2018	2017
China	$ 29,166,852	$ 32,268,444
United States	58,860,982	55,569,705
Taiwan	2,363,181	967,563
Singapore	4,817,798	4,320,424
Others	207,328	169,824
	$ 95,416,141	$ 93,295,960

	Non-current Assets	
	December 31, 2018	December 31, 2017
Taiwan	$ 7,263,412	$ 8,104,042
China	46,935,211	49,261,288
	$ 54,198,623	$ 57,365,330

Non-current assets excluded those classified as financial assets at amortized cost, financial assets at fair value through other comprehensive income (2018), available-for-sale financial assets (2017) 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	
	2018	2017
Customer A	$ 58,817,858	$ 55,481,717
Customer B	16,581,736	20,575,315
	$ 75,399,594	$ 76,057,032

TABLE 1

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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	Gigamag Co., Ltd.	Nanomag International Co., Ltd.	Other receivables - related parties	Yes	$ 1,535,750	$ -	$ -	-	For short-term financing	-	Operating capital	-	-	-	$ 151,219,313	$ 151,219,313
2	Topo Technology (Suzhou) Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	84,062	$ -	-	-	For short-term financing	-	Operating capital	-	-	-	151,219,313	
		Envio Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	268,518	268,518	268,518	1.5	For short-term financing	-	Operating capital	-	-	-	151,219,313	
		Arcadia Co., Ltd. Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	793,917	626,542	626,542	1.5	For short-term financing	-	Operating capital	-	-	-	151,219,313	
						$ 895,060										$ 151,219,313
3	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	1,681,236	$ 290,895	290,895	1.5	For short-term financing	-	Operating capital	-	-	-	151,219,313	
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	1,155,596	-	-	-	For short-term financing	-	Operating capital	-	-	-	151,219,313	
		Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	2,649,748	-	-	-	For short-term financing	-	Operating capital	-	-	-	151,219,313	
		Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	3,800,081	156,636	156,636	1.5	For short-term financing	-	Operating capital	-	-	-	151,219,313	
						$ 447,531										$ 151,219,313
4	Catcher Technology (Suqian) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	3,498,736	$ 179,012	179,012	1.5	For short-term financing	-	Operating capital	-	-	-	151,219,313	
		Vito Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	2,166,528	1,163,578	1,163,578	1.5	For short-term financing	-	Operating capital	-	-	-	151,219,313	
		Envio Technology (Suqian) Co., Ltd.	Other receivables - related parties	Yes	466,920	-	-	-	For short-term financing	-	Operating capital	-	-	-	151,219,313	
		Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	2,635,778	2,014,838	2,014,838	1.5-4.78963	For short-term financing	-	Operating capital	-	-	-	151,219,313	
		Topo Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	8,527,239	8,527,239	8,527,239	1.5-4.78963	For short-term financing	-	Operating capital	-	-	-	151,219,313	
						$ 11,884,667										$ 151,219,313
5	Topo Technology (Taizhou) Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	1,289,008	$ 1,029,319	1,029,319	1.5	For short-term financing	-	Operating capital	-	-	-	151,219,313	$ 151,219,313
6	Vito Technology (Suqian) Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Other receivables - related parties	Yes	467,010	$ -	-	-	For short-term financing	-	Operating capital	-	-	-	151,219,313	$ 151,219,313
7	Ke Yue Co., Ltd.	Catcher Technology Co., Ltd.	Other receivables - related parties	Yes	1,972,000	$ 628,195	627,930 (Note 4)	0.76167	For short-term financing	-	Operating capital	-	-	-	604,904	$ 604,904
8	Yi Sheng Co., Ltd.	Catcher Technology Co., Ltd	Other receivables - related parties	Yes	300,000	$ 165,900	165,480 (Note 4)	0.76167	For short-term financing	-	Operating capital	-	-	-	163,673	$ 163,673
9	Yi De Co., Ltd.	Catcher Technology Co., Ltd	Other receivables - related parties	Yes	300,000	$ 165,900	165,420 (Note 4)	0.76167	For short-term financing	-	Operating capital	-	-	-	163,739	$ 163,739

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, 2018 of the Company; the upper limit of the domestic subsidiaries is equivalent to 40% of the net asset value as of December 31, 2018 of the domestic 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, 2018 of the Company; the upper limit of the domestic subsidiaries is equivalent to 40% of the net asset value as of December 31, 2018 of the domestic 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 the supervisor.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018				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	$ 35,580	10	$ 35,580	
	CDIB Capital Innovation Accelerator Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	3,000,000	29,400	3.57	29,400	
					$ 64,980		$ 64,980	
	Sinher Technology Co., Ltd	None	Financial assets at fair value through profit or loss - current	7,439,917	$ 341,864	9.998	$ 341,864	
Nanomag International Co., Ltd.	China Renewable Energy Fund, L.P.	None	Financial assets at fair value through other comprehensive income - non - current	-	$ 229,255	23.53	$ 229,255	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, 2018
(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
Topo Technology (Taizhou) Co., Ltd.	RMB Financial Products	Other financial assets		-	-	$ -	1,064,000,000	$ 4,851,750 (RMB 1,064,000,000)	1,064,000,000	$ 4,854,509 (RMB 1,064,605,001)	$ 4,851,750 (RMB 1,064,000,000)	$ 2,759 (RMB 605,001)	-	$ -
Catcher Technology (Suqian) Co., Ltd.	RMB Financial Products	Other financial assets		-	-	-	245,000,000	1,117,179 (RMB 245,000,000)	245,000,000	1,117,884 (RMB 245,154,619)	1,117,179 (RMB 245,000,000)	705 (RMB 154,619)	-	-
Arcadia Technology (Suqian) Co., Ltd.	RMB Financial Products	Other financial assets		-	-	-	312,000,000	1,422,694 (RMB 312,000,000)	312,000,000	1,423,545 (RMB 312,186,648)	1,422,694 (RMB 312,000,000)	851 (RMB 186,648)	-	-
Vito Technology (Suqian) Co., Ltd.	RMB Financial Products	Other financial assets		-	-	-	962,000,000	4,386,639 (RMB 962,000,000)	962,000,000	4,390,113 (RMB 962,761,990)	4,386,639 (RMB 962,000,000)	3,474 (RMB 761,990)	-	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	RMB Financial Products	Other financial assets		-	-	-	295,000,000	1,345,175 (RMB 295,000,000)	295,000,000	1,346,348 (RMB 295,257,228)	1,345,175 (RMB 295,000,000)	1,173 (RMB 257,228)	-	-
Topo Technology (Suzhou) Co., Ltd	RMB Financial Products	Other financial assets		-	-	-	126,000,000	574,549 (RMB 126,000,000)	126,000,000	575,060 (RMB 126,112,043)	574,549 (RMB 126,000,000)	511 (RMB 112,043)	-	-
Meeca Technology (Taizhou) Co., Ltd.	RMB Financial Products	Other financial assets		-	-	-	246,000,000	1,121,739 (RMB 246,000,000)	246,000,000	1,122,138 (RMB 246,087,343)	1,121,739 (RMB 246,000,000)	399 (RMB 87,343)	-	-
Envio Technology (Suqian) Co., Ltd.	RMB Financial Products	Other financial assets		-	-	-	338,950,000	1,545,583 (RMB 338,950,000)	338,950,000	1,548,223 (RMB 339,528,782)	1,545,583 (RMB 338,950,000)	2,640 (RMB 578,782)	-	-
Ke Yue Co., Ltd	Career Technology Co., Ltd – the shares of listed company	Financial assets at fair value through other comprehensive income		-	-	-	25,139,000	955,282	25,139,000	1,383,474	955,282	428,192	-	-
Yi Sheng Co., Ltd	Career Technology Co., Ltd – the shares of listed company	Financial assets at fair value through other comprehensive income		-	-	-	7,800,000	296,400	7,800,000	420,633	296,400	124,233	-	-
Yi De Co., Ltd	Career Technology Co., Ltd – the shares of listed company	Financial assets at fair value through other comprehensive income		-	-	-	7,800,000	296,400	7,800,000	420,818	296,400	124,418	-	-
Nanomag International Co., Ltd.	Norma International Co., Ltd.	Investments accounted for using the equity method	Note 5	100% owned subsidiary	258,033,691	10,760,050 (USD 361,560,833)	41,500,000	3,046,580 (USD 87,946,892) (Note 1)	-	-	-	-	299,533,691	13,806,630 (USD 449,507,725)
Norma International Co., Ltd.	Envio Technology (Suqian) Co., Ltd.	Investments accounted for using the equity method	Note 5	100% owned subsidiary	-	1,746,529 (USD 58,687,137)	-	1,002,753 (USD 30,822,283) (Note 2)	-	-	-	-	-	2,749,282 (USD 85,509,420)
Lyra International Co., Ltd.	Mecca Technology (Taizhou) Co., Ltd.	Investments accounted for using the equity method	Note 5	100% owned subsidiary	-	6,943,832 (USD 233,327,697)	-	2,452,082 (USD 72,578,653) (Note 3)	-	-	-	-	-	9,395,914 (USD 305,906,350)
Catcher Technology Co., Ltd	Ke Yue Co., Ltd	Investments accounted for using the equity method	Note 5	100% owned subsidiary	-	-	11,290,000	1,512,259 (Note 4)	-	-	-	-	11,290,000	1,512,259

Note 1: Includes incremental investments of US$41,500,000, the share of profit of subsidiaries accounted for using the equity method of US$69,884,150, and foreign exchange loss on translating foreign operations of US$23,437,258.

Note 2: Includes incremental investments of US$41,500,000, the share of loss of subsidiaries accounted for using the equity method of US$5,662,018, and foreign exchange loss on translating foreign operations of US$5,015,699.

Note 3: Includes incremental investments of US$37,000,000, the share of profit of subsidiaries accounted for using the equity method of US$108,892,033, repatriation of earnings of US$57,487,502, and foreign exchange loss on translating foreign operations of US$15,825,878.

Note 4: Includes incremental investments of TW$1,129,000 thousand, the share of loss of subsidiaries accounted for using the equity method of TW$44,933 thousand, and according to the shareholding ratio, the change in the equity of the subsidiary is adjusted to increase the retained earnings by TW$428,192 thousand.

Note 5: Issue of ordinary shares of subsidiaries.

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, 2018
(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			
Meeca Technology (Taizhou) Co., Ltd.	Manufacturing plant	2017.06.16-2018.12.31	Contract price is NT$1,534,094 thousand (RMB 342,790 thousand); NT$1,381,321 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	2017.08.18-2018.12.31	Contract price is NT$835,499 thousand (RMB 186,690 thousand); NT$733,991 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
DECEMBER 31, 2018
(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	$ (3,168,348)	12	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	$ 645,909	5	
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	299,232	7	Net 30 to 90 days after month end close	Equivalent	Equivalent	(121,891)	4	
			Sales	(363,239)	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	392,524	3	
	Envio Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(345,238)	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	400,281	1	
			Purchases	121,141	0.5	Net 30 to 90 days after month end close	Equivalent	Equivalent	106,168	3	
	Aquila Technology (Suqian) Co., Ltd	Same ultimate parent company	Purchases	137,673	3	Net 30 to 90 days after month end close	Equivalent	Equivalent	(84,058)	3	
Topo Technology (Taizhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	508,934	3	Net 30 to 90 days after month end close	Equivalent	Equivalent	(207,086)	3	
			Sales	(4,697,102)	21	Net 30 to 90 days after month end close	Equivalent	Equivalent	1,106,923	10	
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(2,986,889)	14	Net 30 to 90 days after month end close	Equivalent	Equivalent	1,902,637	17	
			Purchases	106,230	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	(105,854)	1	
	Aquila Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	125,630	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	(54,830)	1	
	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(19,724,213)	88	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	6,953,094	63	
Vito Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(15,542,202)	71	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	6,416,251	59	
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(877,667)	2	Net 30 to 90 days after month end close	Equivalent	Equivalent	235,966	2	
			Purchases	114,662	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	(88,679)	1	
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	Sales	(290,815)	1	Net 30 to 90 days after month end close	Equivalent	Equivalent	224,072	2	
	Envio Technology (Suqian) Co., Ltd.	Same ultimate parent company	Purchases	954,688	12	Net 30 to 90 days after month end close	Equivalent	Equivalent	(987,017)	15	
			Sales	(104,647)	0.5	Net 30 to 90 days after month end close	Equivalent	Equivalent	72,190	1	
Arcadia Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(16,378,077)	98	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	(5,652,094)	95	
			Purchases	102,564	2	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	(11,511)	0.2	
Meeca Technology (Taizhou) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(5,976,675)	39	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	1,293,417	17	
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	Purchases	1,359,350	35	Net 30 to 90 days after month end close	Equivalent	Equivalent	(1,130,358)	28	
			Sales	(4,161,722)	28	Net 30 to 90 days after month end close	Equivalent	Equivalent	3,238,843	43	
	Arcadia Technology (Suqian) Co., Ltd	Same ultimate parent company	Sales	(3,662,499)	24	Net 30 to 90 days after month end close	Equivalent	Equivalent	1,886,599	25	
			Purchases	131,574	3	Net 30 to 90 days after month end close	Equivalent	Equivalent	(89,398)	2	
Aquila Technology (Suqian) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	(158,488)	30	Net 120 days after month end close	Equivalent	Equivalent	63,046	23	

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, 2018
(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.	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	626,542	- (Note 1)	-	Not applicable	$ -	$ -
	Envio Technology (Suqian) Co., Ltd	Same ultimate parent company	268,518	- (Note 1)	-	Not applicable	-	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	290,895	- (Note 1)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	156,636	- (Note 1)	-	Not applicable	-	-
Catcher Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	645,909	2.18	-	Not applicable	410,158	-
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	1,163,578	- (Note 1)	-	Not applicable	-	-
			392,524	1.75	-	Not applicable	25,940	-
	Envio Technology (Suqian) CO., Ltd.	Same ultimate parent company	400,281	1.72	-	Not applicable	22,266	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	8,527,239	- (Note 1)	-	Not applicable	-	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	2,014,838	- (Note 1)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	179,012	- (Note 1)	-	Not applicable	-	-
Topo Technology (Taizhou) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	6,953,094	2.47	-	Not applicable	2,138,698	-
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	1,106,923	2.64	-	Not applicable	756,070	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	1,902,637	1.46	-	Not applicable	1,638,462	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	1,029,319	- (Note 1)	-	Not applicable	-	-
			1,130,358	1.10	-	Not applicable	809,579	-
Vito Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	6,416,251	2.22	-	Not applicable	2,917,185	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	207,086	2.62	-	Not applicable	44,264	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	388,683	2.61	-	Not applicable	17,194	-
	Meeca Technology (Taizhou) Co., Ltd.	Same ultimate parent company	224,072	1.26	-	Not applicable	197,587	-
	Catcher Technology (Suqian) Co., Ltd.	Same ultimate parent company	135,706	3.07	-	Not applicable	104,693	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Meeca Technology (Taizhou) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	$ 1,293,417	1.98	$ -	Not applicable	$ -	$ -
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	1,886,599	1.83	-	Not applicable	527,588	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	3,238,843	2.55	-	Not applicable	1,400,619	-
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	1,150,925	2.23	-	Not applicable	567,104	-
Arcadia Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	5,652,094	2.65	-	Not applicable	3,403,713	-
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	105,854	3.22	-	Not applicable	17,142	-
Envio Technology (Suqian) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd	Same ultimate parent company	106,168	2.28	-	Not applicable	55,270	-
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	987,017	1.93	-	Not applicable	562,474	-
Ke Yue Co., Ltd.	Catcher Technology Co., Ltd.	Parent Company	627,930	- (Note 1)	-	Not applicable	-	-
Yi Sheng Co., Ltd.	Catcher Technology Co., Ltd.	Parent Company	165,480	- (Note 1)	-	Not applicable	-	-
Yi De Co., Ltd.	Catcher Technology Co., Ltd.	Parent Company	165,420	- (Note 1)	-	Not applicable	-	-

(Concluded)

Note 1: The ending balance of financing provided is not in the calculation of the turnover rate.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note
				December 31, 2018	December 31, 2017	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	$ 26,390,730	$ 2,870,180	$ 3,057,769	
	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	114,420,555	15,542,388	16,211,607	
	Sinher Technology Co., Ltd.	10F-1, No. 29-1, Ln. 169, Kangning St., Xizhi Dist. New Taipei City 221, Taiwan (ROC)	Manufacturing electronic parts	Note 3	65,949	Note 3	Note 3	Note 3	229,173	27,554	
	Epileds Technology Inc.	5F, No. 2, Chuangye Rd., Xinshi Dist. Tainan City 744, Taiwan (ROC)	Manufacturing and selling LED wafer and chip	-	100,115	-	-	-	17,407	185	
	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	43,660	40,000	4,366,000	39.69	-	(23,902)	(9,193)	
	Ke Yue Co., Ltd.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Investing activities	1,129,000	-	11,290,000	100	1,512,259	(44,933)	(44,933)	
	Yi De Co., Ltd.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Investing activities	298,000	-	3,070,000	100	409,346	(13,072)	(13,072)	
	Yi Sheng Co., Ltd.	1F, No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (ROC)	Investing activities	298,000	-	3,070,000	100	409,183	(13,050)	(13,050)	
Gigamag Co., Ltd.	Neat Co., Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	International trading	307 (USD 10,000)	307 (USD 10,000)	10,000	100	308	6		
Nanomag International Co., Ltd.	Castmate International Co., Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	Investing activities	31,010 (USD 1,009,592)	30,010 (USD 1,009,592)	1,009,592	100	3,469,139	(595,752)		
	Stella International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	10,199,811 (USD 332,079,144)	10,199,811 (USD 332,079,144)	332,079,144	100	20,610,169	4,070,642		
	Aquila International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	32,251 (USD 1,120,000)	32,251 (USD 1,120,000)	1,050,000	75	315,006	90,661		
	Uranus International Co., Ltd.	Room 1907, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	12,255,573 (USD 399,009,383)	12,255,573 (USD 399,009,383)	399,009,383	100	45,827,891	9,802,536		
	Grus International Co., Ltd.	P.O. Box31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands	Investing activities	-	19,418 (USD 632,214)	-	-	-	289		
	Norma International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	9,200,177 (USD 299,533,691)	7,925,505 (USD 258,033,691)	299,533,691	100	13,806,630	2,280,125		
Castmate International Co., Ltd.	Cygnus International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	307,312 (USD 10,005,259)	307,312 (USD 10,005,259)	10,005,259	100	3,360,139	(603,055)		
Stella International Co., Ltd.	Lyra International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	10,199,021 (USD 332,053,412)	10,199,021 (USD 332,053,412)	332,053,412	100	22,499,615	4,060,616		
Aquila International Co., Ltd.	Cepheus International Co., Ltd.	Room 1907, 19F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong	Investing activities	43,001 (USD 1,400,000)	43,001 (USD 1,400,000)	1,400,000	100	418,921	90,812		

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: In June 2018, the term of the directors expired, therefore losing significant influence on the company, the original equity method evaluation was changed to financial assets at fair value through profit or loss, refer to Table 2.

TABLE 8

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(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, 2018 (Note 13)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 (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, 2018
					Outward	Inward						
Catcher Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	$ -	2. Cygnus International Co., Ltd. (Note 8)	$ 1,024,038 (USD 33,340,000)	$ -	$ -	$ 1,024,038 (USD 33,340,000)	$ -	100	$ -	$ -	$ -
Topo Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	307,457 (USD 10,010,000)	2. Lyra International Co., Ltd. (Notes 4 and 5)	1,239,043 (USD 40,340,000)	-	-	1,239,043 (USD 40,340,000)	(125,935)	100	(125,935) (Note 2.(1))	2,003,550	-
Topo Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,740,063 (RMB 829,779,072) (USD 65,979,240)	2. Lyra International Co., Ltd. (Note 9)	-	-	-	-	2,083,518	100	2,083,518 (Note 2.(1))	10,646,908	5,482,243
Meeca Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,937,477 (USD 74,610,861) (RMB 814,650,196)	2. Lyra International Co., Ltd. (Note 12)	-	-	-	-	3,309,484	100	3,309,484 (Note 2.(1))	9,395,914	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Manufacturing, selling and developing varied metal products	307,150 (USD 10,000,000)	2. Cygnus International Co. Ltd. (Note 6)	-	-	-	-	79,296	100	79,296 (Note 2.(1))	2,214,719	-
Catcher Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	6,143,000 (USD 200,000,000)	2. Uranus International Co., Ltd. (Note 7)	2,917,894 (USD 94,999,000)	-	-	2,917,894 (USD 94,999,000)	7,812,010	100	7,812,010 (Note 2.(1))	30,376,724	10,597,814
Vito Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	5,895,922 (RMB 409,431,280) (USD 132,300,000)	2. Uranus International Co., Ltd. (Note 10)	-	-	-	-	3,557,022	100	3,557,022 (Note 2.(1))	16,643,629	-
Arcadia Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	6,046,754 (USD 138,803,527) (RMB 398,499,193)	2. Norma International Co., Ltd. (Note 11)	-	-	-	-	2,452,185	100	2,452,185 (Note 2.(1))	11,256,421	-
Envio Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	3,026,711 (RMB 188,956,820) (USD 71,010,000)	2. Norma International Co., Ltd. (Note 16)	-	-	-	-	(172,060)	100	(172,060) (Note 2.(1))	2,749,282	-
Aquila Technology (Suqian) Co., Ltd.	Manufacturing and selling molds and electronic parts	43,001 (USD 1,400,000)	2. Cepheus International Co., Ltd.	34,401 (USD 1,120,000)	-	-	34,401 (USD 1,120,000)	90,902	75	68,177 (Note 2.(1))	417,910	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.	678,246 (USD 22,081,923)	-	-	678,246 (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)
$ 5,893,623 (USD 191,880,923)	$ 42,525,182 (USD 999,658,076) (RMB 2,641,316,560)	$ 90,731,588

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 $151,219,313×60%=$90,731,588.

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 Meeca 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 Meeca 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 Meeca 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 Meeca Technology (Suzhou Industrial Park) Co., Ltd. to Nanomag International Co., Ltd., which were then invested in Meeca Technology (Taizhou) Co., Ltd. through Lyra International Co., Ltd.

Note 13: The exchange rate on December 31, 2018 was US$1:NT$30.715.
The exchange rate on December 31, 2018 was RMB1:NT$4.4753.

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. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
0	Catcher Technology Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	1	Payables to related parties	$ 645,909		0.25
				Other receivables from related parties	16,694		0.01
				Purchases	3,168,348	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	3.32
				Purchases of property, plant and equipment	314,479	The purchase prices were negotiated, net 90 days after month end close.	0.33
		Meeca Technology (Taizhou) Co., Ltd.	1	Payables to related parties	1,293,417		0.50
				Purchases	5,976,675	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	6.26
		Vito Technology (Suqian) Co., Ltd.	1	Payables to related parties	6,416,251		2.50
				Purchases	15,542,202	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	16.29
				Purchases of property, plant and equipment	2,791,104	The purchase prices were negotiated, net 90 days after month end close.	2.93
		Topo Technology (Taizhou) Co., Ltd.	1	Payables to related parties	6,953,094		2.70
				Other receivables from related parities	18,514		0.01
				Purchases	19,724,213	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	20.67
				Processing income	35,108		0.04
		Arcadia Technology (Suqian) Co., Ltd.	1	Payables to related parties	5,652,094		2.20
				Purchases	16,378,077	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	17.16
				Processing income	102,564	The purchase prices were negotiated, net 90 days after month end close.	0.11
		Envio Technology (Suqian) Co., Ltd.	1	Payables to related parties	51,159		0.02
				Other receivables from related parities	56,080		0.02
				Purchases	51,159	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	0.05
				Purchases of property plant and equipment	751,033	The purchase prices were negotiated, net 90 days after month end close.	0.79
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	1	Purchases	14,263	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	0.01
		Ke Yue Co., Ltd.	1	Other payables to related parities	627,930		0.24
		Yi Sheng Co., Ltd.	1	Other payables to related parities	165,480		0.06
		Yi De Co., Ltd.	1	Other payables to related parities	165,420		0.06
1	Topo Technology (Suzhou) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	3	Other receivables from related parities	626,542		0.24
		Vito Technology (Suqian) Co., Ltd.	3	Disposals of property, plant and equipment	26,205	The sales prices were negotiated, net 120 days after acceptance.	0.03
				Processing income	14,054	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.01
		Envio Technology (Suqian) Co., Ltd.	3	Other receivables from related parities	268,518		0.10
		Topo Technology (Taizhou) Co., Ltd.	3	Other receivable from related parities	15,789	The sales prices were negotiated, net 120 days after acceptance.	0.01
				Processing income	25,583		0.03
2	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	3	Processing income	73,297	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.08
				Interest income	98,371		0.10
				Disposals of property, plant and equipment	22,403	The sales prices were negotiated, net 120 days after acceptance.	0.02
				Other receivables from related parities	50,506		0.02
		Meeca Technology (Taizhou) Co., Ltd.	3	Disposals of property, plant and equipment	59,120	The sales prices were negotiated, net 120 days after acceptance.	0.06
				Processing income	55,982	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.06
				Interest Income	16,918		0.02
				Other receivables from related parities	53,817		0.02
				Other receivables from related parities	290,895		0.11

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
		Arcadia Technology (Suqian) Co., Ltd.		Other receivables from related parities	$ 29,857		0.01
				Other receivables from related parities	156,636		0.06
			3	Disposals of property, plant and equipment	25,204	The sales prices were negotiated, net 120 days after acceptance.	0.03
				Interest income	47,562		0.05
		Catcher Technology (Suqian) Co., Ltd.	3	Other receivables from related parities	13,355		0.01
				Processing income	26,819	The purchase prices were negotiated, net 90 days after month end close.	0.03
		Envio Technology (Suqian) Co., Ltd.	3	Other receivables from related parities	16,465		0.01
3	Catcher Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	3	Receivables from related parties	392,524		0.15
				Payables to related parties	121,891		0.05
				Other receivables from related parities	1,163,578		0.45
				Other receivables from related parities	247,972		0.10
				Other payables to related parities	41,921		0.02
				Purchases	299,232	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.31
				Purchases of property, plant and equipment	128,047	The sales prices were negotiated, net 120 days after acceptance.	0.13
				Sales	363,239	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.38
				Processing income	211,759	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.22
				Interest income	27,352		0.03
		Topo Technology (Taizhou) Co., Ltd.	3	Other receivables from related parities	8,527,239		3.32
				Other receivables from related parities	14,050		0.01
				Receivables from related parties	83,639		0.03
				Interest income	244,746		0.26
				Sales	99,254	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.10
		Arcadia Technology (Suqian) Co., Ltd.	3	Other payables to related parities	32,353		0.01
				Receivables from related parties	29,904		0.01
				Other receivables from related parities	179,012		0.07
				Other receivables from related parities	48,426		0.02
				Purchases	67,145	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.07
				Sales	47,316	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.05
				Interest income	22,504		0.02
				Processing expense	27,801	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.03
				Processing income	41,434	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.04
		Meeca Technology (Taizhou) Co., Ltd.	3	Other receivables from related parities	2,014,838		0.78
				Other receivables from related parities	40,453		0.02
				Receivables from related parties	67,851		0.03
				Sales	80,711	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.08
				Processing income	32,902	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.03
				Interest income	65,924		0.07
		Aquila Technology (Suqian) Co., Ltd.	3	Payables to related parties	84,058		0.03
				Purchases	137,673	The purchase prices were not different from third parties, net 120 days after month end close.	0.14
		Envio Technology (Suqian) Co., Ltd.	3	Receivables from related parties	400,281		0.16
				Payables to related parties	106,168		0.04
				Other receivables from related parities	21,908		0.01
				Sales	345,238	The sales prices were not different from third parties, net 120 days after month end close.	0.36
				Purchases	121,141	The purchase prices were not different from third parties, net 120 days after month end close.	0.13
				Processing income	18,829	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.02

(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.	Topo Technology (Taizhou) Co., Ltd.	3	Sales	$ 125,630	The sales prices were not different from third parties, net 120 days after month end close.	0.13
				Receivables from related parties	54,830		0.02
		Arcadia Technology (Suqian) Co., Ltd.	3	Sales	158,488	The sales prices were not different from third parties, net 120 days after month end close.	0.17
				Receivables from related parties	63,046		0.02
		Vito Technology (Suqian) Co., Ltd.	3	Sales	73,545	The sales prices were not different from third parties, net 120 days after month end close.	0.08
				Receivables from related parties	62,533		0.02
		Meeca Technology (Taizhou) Co., Ltd.	3	Sales	18,019		0.02
5	Topo Technology (Taizhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	3	Purchases	508,934	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.53
				Sales	4,697,102	The sales prices were not different from third parties, net 30 to 90 days after month end close.	4.92
				Processing expense	46,935	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.05
				Disposals of property, plant and equipment	12,137	The Sales prices were negotiated, net 120 days after acceptance.	0.01
				Purchases of property, plant and equipment	13,808	The sales prices were negotiated, net 120 days after acceptance.	0.01
				Processing income	77,212	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.08
				Payables to related parties	207,086		0.08
				Receivables from related parties	1,106,923		0.43
				Other receivables from related parities	100,623		0.04
				Other payables to related parities	34,917		0.01
				Other payables to related parities	13,070		0.01
		Arcadia Technology (Suqian) Co., Ltd.	3	Other receivables from related parities	160,957		0.06
				Payables to related parties	105,854		0.04
				Receivables from related parties	1,902,637		0.74
				Sales	2,986,889	The sales prices were not different from third parties, net 30 to 90 days after month end close.	3.13
				Purchases	106,230	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.11
				Disposals of property, plant and equipment	90,972	The Sales prices were negotiated, net 120 days after acceptance.	0.10
				Purchases of property, plant and equipment	20,060	The sales prices were negotiated, net 120 days after acceptance.	0.02
				Processing expense	12,823	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.01
		Meeca Technology (Taizhou) Co., Ltd.	3	Other receivables from related parities	1,029,319		0.40
				Other receivables from related parities	639,052		0.25
				Receivables from related parties	1,130,358		0.44
				Payables to related parties	3,238,843		1.26
				Purchases	4,161,722	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	4.36
				Sales	1,359,350	The sales prices were not different from third parties, net 30 to 90 days after month end close.	1.42
				Disposals of property, plant and equipment	290,077	The Sales prices were negotiated, net 120 days after acceptance.	0.30
				Processing income	261,075	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.27
				Processing expense	21,087	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.02
				Interest income	16,070		0.02

(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.	Arcadia Technology (Suqian) Co., Ltd.	3	Receivables from related parties	$ 388,683		0.15
				Payables to related parties	88,679		0.03
				Sales	877,667	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.77
				Disposals of property, plant and equipment	120,898	The Sales prices were negotiated, net 120 days after acceptance.	0.13
				Processing income	115,515	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.12
				Purchases	114,662	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.12
		Meeca Technology (Taizhou) Co., Ltd.	3	Receivables from related parties	224,072		0.09
				Other receivables from related parities	89,993		0.03
				Payables to related parties	1,150,925		0.45
				Sales	290,815	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.30
				Processing income	101,190	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.11
				Processing expense	1,281,329	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	1.34
		Envio Technology (Suqian) Co., Ltd.	3	Payables to related parties	987,017		0.38
				Receivables from related parties	72,190		0.03
				Other receivables from related parities	66,579		0.03
				Other payables to related parities	15,792		0.01
				Purchases	954,688	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	1.00
				Sales	104,647	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.11
				Disposals of property, plant and equipment	28,610	The Sales prices were negotiated, net 120 days after acceptance.	0.03
				Processing income	82,184	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.09
				Processing expense	13,671	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.01
7	Meeca Technology (Taizhou) Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	3	Receivables from related parties	1,886,599		0.73
				Payables to related parties	89,398		0.03
				Other payables to related parities	115,793		0.05
				Purchases	131,574	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.14
				Sales	3,662,499	The sales prices were not different from third parties, net 30 to 90 days after month end close.	3.84
				Processing expense	149,509	The purchase prices were not different from third parties, net 30 to 90 days after month end close.	0.16
				Purchases of property, plant and equipment	26,584	The sales prices were negotiated, net 120 days after acceptance.	0.03
8.	Arcadia Technology (Suqian) Co., Ltd.	Envio Technology (Suqian) Co., Ltd.	3.	Other receivables from related parities	15,096		0.01
				Processing income	12,973	The sales prices were not different from third parties, net 30 to 90 days after month end close.	0.01

(Concluded)

Note: No. 1 represents transactions from parent company to subsidiaries.
No. 2 represents transactions from subsidiaries to parent company.
No. 3 represents transactions among subsidiaries.