



Management Report for Fourth Quarter Fiscal 2019

Hsinchu, Taiwan, February 12th, 2020 – eMemory Technology Inc. (TPE : 3529) reported financial results for its fiscal quarter, which ended 31st December 2019.

Executive Summary

- Q4 2019 revenue was NT\$ 361.90 million, up 7.5% sequentially but down 11.0% year-over-year. Operating income increased 14.6% sequentially but decreased 13.4% year-over-year. EPS was NT\$ 1.74, up 7.4% sequentially but down 20.9% year-over-year. For the full year of 2019, revenue was down 4.5% and EPS was down 10.2%.
- January revenue was back to record high in US dollar. We expect revenue to return to growth in 2020 and growth rate will accelerate in Q2, driven by market share gain in OLED DDI, content increase of 5G PMIC, and new products ie. ISP, Networking, Multimedia, DRAM and security applications.

Financial Results

(Amounts in thousands of NT\$)

	Q4 2019 (Unaudited)	Q3 2019	Q4 2018	Change (QoQ)	Change (YoY)
Revenue	361,896	336,587	406,752	7.5%	-11.0%
Gross Margin	100%	100%	100%	-	-
Operating Expenses	202,386	197,399	222,532	2.5%	-9.1%
Operating Income	159,510	139,188	184,220	14.6%	-13.4%
Operating Margin	44.1%	41.4%	45.3%	2.7ppts	-1.2ppts
Net Income	129,653	120,170	163,611	7.9%	-20.8%
Net Margin	35.8%	35.7%	40.2%	0.1ppts	-4.4ppts
EPS (Unit: NTD)	1.74	1.62	2.20	7.4%	-20.9%
ROE	30.2%	29.1%	34.5%	1.1ppts	-4.3ppts

(Amounts in thousands of NT\$)

	FY 2019 (Unaudited)	FY 2018	Change (YoY)
Revenue	1,410,085	1,476,516	-4.5%
Gross Margin	100%	100%	-
Operating Expenses	788,762	803,781	-1.9%
Operating Income	621,323	672,735	-7.6%
Operating Margin	44.1%	45.6%	-1.5ppts
Net Income	542,072	613,106	-11.6%
Net Margin	38.4%	41.5%	-3.1ppts
EPS (Unit: NTD)	7.30	8.13	-10.2%
ROE	31.6%	32.3%	-0.7ppts

Revenue Analysis

(Amounts in thousands of NT\$)

	Q4 2019	Q3 2019	Q4 2018	Change (QoQ)	Change (YoY)
Licensing	115,944	103,689	124,726	11.8%	-7.0%
Royalty	245,952	232,898	282,026	5.6%	-12.8%
Total	361,896	336,587	406,752	7.5%	-11.0%

(Amounts in thousands of NT\$)

	FY 2019	FY 2018	Change (YoY)
Licensing	430,263	449,806	-4.3%
Royalty	979,822	1,026,710	-4.6%
Total	1,410,085	1,476,516	-4.5%

Royalty revenue analysis by wafer size (8-inch vs 12-inch)

Wafer Size	Q4 2019			FY 2019	
	% of Q4	Change (QoQ)	Change (YoY)	% of 2019	Change (YoY)
8 inch	70.0%	10.4%	-9.3%	69.3%	-1.5%
12 inch	30.0%	-4.2%	-20.0%	30.7%	-10.9%

- Royalty contribution of QoQ from 12-inch decreased mainly due to DDI customers inventory adjustment.



Revenue analysis by technology

Technology	Q4 2019								
	Total Revenue			Licensing Revenue			Royalty Revenue		
	% of Q4 Revenue	Change (QoQ)	Change (YoY)	% of Q4 Licensing	Change (QoQ)	Change (YoY)	% of Q4 Royalty	Change (QoQ)	Change (YoY)
NeoBit	54.7%	-7.7%	-17.2%	27.5%	-12.1%	7.8%	67.6%	-6.8%	-20.7%
NeoFuse	37.5%	42.9%	12.6%	56.7%	36.9%	9.4%	28.4%	49.0%	15.8%
NeoPUF	1.0%	100.0%	34.8%	3.0%	100.0%	34.8%	0.0%	0.0%	0.0%
NeoEE	5.4%	7.4%	-26.8%	11.3%	11.6%	-17.6%	2.6%	-0.2%	-40.2%
NeoMTP	1.2%	-50.9%	-75.5%	0.8%	-88.6%	-94.7%	1.4%	179.0%	183.4%
PUFrt	0.2%	100.0%	100.0%	0.7%	100.0%	100.0%	0.0%	0.0%	0.0%

Technology	FY 2019					
	Total Revenue		Licensing Revenue		Royalty Revenue	
	% of 2019 Revenue	Change (YoY)	% of 2019 Licensing	Change (YoY)	% of 2019 Royalty	Change (YoY)
NeoBit	60.6%	-10.6%	26.9%	-14.8%	75.4%	-10.0%
NeoFuse	31.4%	36.2%	56.8%	26.4%	20.3%	50.7%
NeoPUF	0.3%	58.8%	1.0%	58.8%	0.0%	0.0%
NeoEE	5.8%	-33.7%	11.5%	-12.1%	3.3%	-51.9%
NeoMTP	1.8%	-63.3%	3.6%	-74.9%	1.0%	44.7%
PUFrt	0.1%	100.0%	0.2%	100.0%	0.0%	0.0%

- NeoBit : OTP technology covers from 0.35um to 55nm.
- NeoFuse : OTP technology covers mainly from 0.18um to 5nm.
- NeoPUF : OTP technology covers mainly from 65nm to 5nm.
- NeoEE : MTP technology covers from 0.18um to 55nm, allowing up to 100K rewritable times with zero additional masking layers.
- NeoMTP : MTP technology covers from 0.18um to 55nm, offering high density memory with 1K rewritable times with zero additional masking layers.

Key Business Developments

Licensing

- Technology License
 - 7 licensing contracts were signed during this quarter.
 - As of December 31st, 2019, we have technologies under development for the adoption of 95 different process platforms, ranging from 0.25um to 5nm.



Development of Key Technology on 12-inch Nodes

	5/6nm	7/10nm	12/16nm	28nm	40nm	55/65nm	80/90nm	0.13/0.11um	0.18um	Total
Qualified	0	2	3	23	12	23	16	13	1	93
Developing	3	1	3	14	7	11	9	7	2	57

- Design License
 - A total of 98 product tape-outs occurred in the fourth quarter of 2019.
 - 5 tape-outs at 14nm/16nm for Digital power, ADAS, Multi-media, and etc.
 - 5 tape-outs at 22nm/28nm for Bluetooth, ISP, Multi-media, Network IC and etc.
 - 1 tape-out at 25nm for DRAM.
 - 7 tape-outs at 40nm for MCU, LCD driver, TDDI, sensor-related, and OLED driver.
 - 9 tape-outs at 55nm/65nm for MCU, LCD driver, TDDI, OLED driver, Network IC, and etc.
 - 7 tape-outs at 80nm/90nm for LCD driver, TDDI, and LED driver.
 - 11 tape-outs at 0.13um for MCU, PMIC, LCD driver, TDDI, OLED driver, T-con and clock.
 - 51 tape-outs at 0.18um for MCU, PMIC, LCD driver, sensor-related, USB, fingerprint sensor, oscillator, and etc.
 - 1 tape-out at 0.25um for MCU.
 - 1 tape-out at 0.35um for fingerprint sensor.
 - As of December 31st, 2019, eMemory's cumulative number of design licenses has increased to 4,764—a direct result of our ongoing effort in expanding and diversifying our technologies for adoption in a wide range of applications.

Future Growth Drivers

Licensing

- NeoFuse and NeoPUF will continue to drive licensing growth this year as increasing platforms among foundries and more comprehensive portfolio of PUF related IPs.

Royalty

- Royalty of DDI will increase due to higher penetration rate of OLED DDI by existing customers and new customers.
- PMIC will continue to grow as content increase in 5G and higher ASP due to migration into advance process node.
- New applications such as Multimedia (i.e. DTV, STB, surveillance, ISP), and DRAM will continue to drive royalty growth.



New Application Development

- NeoPUF has made a distinctive progress in advanced process SoC, ultra-low power processor, IoT related chip and embedded flash platform. Our PUFrt (NeoPUF-based root of trust) was adopted by customers for AI applications already.
- In addition to ISP application, NeoFuse will be used in CIS process to provide highly intelligent image recognition applications. We expect the contribution to our revenue starting this year.
- Security platform with ARM already has customer adoption.

New Technology Development

- In addition to 5nm and emerging memory (MRAM, ReRAM), we are developing 6nm and 5nm plus (N5P) technology platforms with leading foundry partner.
- For security IP, after the completion of PUFtrng (PUF-base random number generator) and PUFrt (PUF-based root of trust), we are working with foundry partners to embed PUF into embedded flash platform. This year, we will continue to develop PUF-based IoT security solution, security elements and hardware security module IPs.
- In addition to IPs development, we are developing hardware security open platform, by integrating OTP, PUF, security-functioned IPs, and encryption algorithm IPs to provide total security solutions for AIoT and 5G applications.

Financial Review

Gross margin

Gross margin remained at 100%.

Operating expenses and operating margin

- The total operating expense in Q4 2019 was NT\$ 202.39 million and represented 55.9% of the total revenue, which decreased from 54.7% of the total revenue in the prior year.
- Operating expenses increased by 2.5% sequentially but decreased by 9.1% year-over-year. The sequential increase was mainly due to the increase of employee bonus, while the year-over-year decrease was due the reduction in employee bonus expenditures.
- As a result, Operating margin for the quarter was 44.1%, up by 2.7 percentage points from the prior quarter but down by 1.2 percentage points year-over-year.
- Full year 2019 operating margin was 44.1%, down by 1.5 percentage points from the prior year.

Non-operating items and income tax expense

- Non-operating items were a loss of NT\$ 3.36 million in Q4 2019, compared to a gain of NT\$ 1.39 million in Q3 2019. The sequential decrease was primarily due to the loss in exchange rate caused by the appreciation of NT\$.
- Full year 2019 effective tax rate was 14.4%.



Net Income and EPS

- Net income for the quarter was NT\$ 129.65 million, an increase of 7.9% sequentially but a decrease of 20.8% year-on-year.
- Earnings per share was NT\$ 1.74 in Q4 2019. Full-year 2019 earnings per share was NT\$ 7.30.

Current assets and current liabilities

- As of December 31st, 2019, cash decreased by NT\$ 38.14 million from that of December 31st, 2018 to NT\$ 1,263.86 million. The decrease was mainly due to the decrease of profit and capital expenditures. Total current assets including cash were NT\$ 1,416.76 million.
- Total current liabilities decreased by NT\$ 44.62 million from December 31st, 2018.
- Net working capital was NT\$ 1,111.60 million and the current ratio was 4.64x.

Cash flows

- As of December 31st, 2019, net cash generated from operating activities totaled NT\$ 592.53 million, including NT\$ 633.18 million from income before income tax, NT\$ 55.17 million from depreciation and amortization, and NT\$ 95.82 million used in other operating activities, which included tax payment of NT\$ 107.17 million.
- Net cash used in investing activities was NT\$ 45.38 million at the end of December 31st, 2019, primarily related to capital expenditures and acquisition of intangible assets.
- Net cash used in financing activities decreased by NT\$ 386.71 million year-on-year to NT\$ 583 million at the end of December 31st, 2019, mainly attributable to share repurchases in the prior year.
- As a result, cash decreased by NT\$ 38.14 million to NT\$ 1,263.86 million from December 31st, 2018 to December 31st, 2019.

Employee

- As of December 31st, 2019, eMemory has 267 full-time employees, including 184 R&D engineers.



Cautionary Statement

This report contains forward-looking statements, which are subject to risk factors associated with semiconductor and intellectual property business. We believe that the expectations reflected in these statements are reasonable. However, they may be affected by a variety of variables, many of which are beyond our control. These variables could cause actual results or trends to differ materially which include, but are not limited to: wafer price fluctuation, actual demand, rapid technology change, delays or failures in customers' tape-outs into wafer production, our ability to negotiate, monitor and enforce agreements for the determination and payment of royalties, any bug or fault in our technology which leads to significant damage to our technology and reputation, actual or potential litigation, semiconductor industry cycle and general economic conditions. Unless as required by law, eMemory undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

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-Financial Statements To Follow-

eMemory Technology Inc. and Subsidiary

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018		LIABILITIES AND EQUITY	2019		2018	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash	\$1,263,858	62	\$1,302,003	62	Contract liabilities - current	\$ 32,837	2	\$ 37,822	2
Accounts receivable - net	126,812	7	158,335	8	Other payables	80,914	4	94,104	5
Other receivables	1,929	-	225	-	Bonuses payable to employees and directors	125,120	6	138,092	7
Other receivables - related parties	410	-	251	-	Payables on equipment	4,861	-	6,241	-
Prepayments	19,472	1	19,889	1	Current tax liabilities	56,576	3	71,897	3
Other current assets	4,275	-	2,902	-	Lease liabilities - current	3,114	-	-	-
Total current assets	<u>1,416,756</u>	<u>70</u>	<u>1,483,605</u>	<u>71</u>	Other current liabilities	1,731	-	1,616	-
					Total current liabilities	<u>305,153</u>	<u>15</u>	<u>349,772</u>	<u>17</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income - noncurrent	15,530	1	19,180	1	Lease liabilities - noncurrent	4,246	-	-	-
Financial assets at amortized cost - noncurrent	33,613	2	33,612	2	Net defined benefit liabilities - noncurrent	21,384	1	20,334	1
Investment accounted for using equity method	5,382	-	6,046	-	Guarantee deposits received	530	-	530	-
Property, plant and equipment	477,171	23	491,533	23	Total non-current liabilities	<u>26,160</u>	<u>1</u>	<u>20,864</u>	<u>1</u>
Right-of-use assets	7,287	-	-	-	Total liabilities	<u>331,313</u>	<u>16</u>	<u>370,636</u>	<u>18</u>
Intangible assets	73,805	4	67,162	3					
Deferred tax assets	3,434	-	2,708	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Refundable deposits	349	-	331	-	Ordinary shares	758,336	37	757,908	36
Total non-current assets	<u>616,571</u>	<u>30</u>	<u>620,572</u>	<u>29</u>	Capital surplus	404,446	20	416,537	20
					Retained earnings				
					Legal reserve	401,471	20	340,160	16
					Special reserve	61,932	3	926	-
					Unappropriated earnings	545,653	27	684,180	32
					Total retained earnings	<u>1,009,056</u>	<u>50</u>	<u>1,025,266</u>	<u>48</u>
					Other equity				
					Exchange differences on translating the financial statements of foreign operations	(4)	-	-	-
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(65,582)	(3)	(61,932)	(3)
					Total other equity	(65,586)	(3)	(61,932)	(3)
					Treasury shares	(404,238)	(20)	(404,238)	(19)
					Total equity	<u>1,702,014</u>	<u>84</u>	<u>1,733,541</u>	<u>82</u>
TOTAL	<u>\$2,033,327</u>	<u>100</u>	<u>\$2,104,177</u>	<u>100</u>	TOTAL	<u>\$2,033,327</u>	<u>100</u>	<u>\$2,104,177</u>	<u>100</u>

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 1,410,085	100	\$ 1,476,516	100
OPERATING COSTS	-	-	-	-
GROSS PROFIT	<u>1,410,085</u>	<u>100</u>	<u>1,476,516</u>	<u>100</u>
OPERATING EXPENSES				
Selling and marketing expenses	122,545	9	120,678	8
General and administrative expenses	162,986	11	169,610	11
Research and development expenses	506,215	36	505,475	34
Expected credit (gain) loss	(2,984)	-	8,018	1
Total operating expenses	<u>788,762</u>	<u>56</u>	<u>803,781</u>	<u>54</u>
OPERATING INCOME	<u>621,323</u>	<u>44</u>	<u>672,735</u>	<u>46</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	19,760	1	25,024	2
Other gains and losses	(3,384)	-	5,428	-
Finance costs	(179)	-	-	-
Share of loss of associates	(4,336)	-	(4,356)	-
Total non-operating income and expenses	<u>11,861</u>	<u>1</u>	<u>26,096</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	633,184	45	698,831	48
INCOME TAX EXPENSE	<u>91,112</u>	<u>7</u>	<u>85,725</u>	<u>6</u>
NET PROFIT FOR THE YEAR	<u>542,072</u>	<u>38</u>	<u>613,106</u>	<u>42</u>

(Continued)

eMemory Technology Inc. and Subsidiary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(\$ 1,604)	-	(\$ 1,650)	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(3,650)	-	1,060	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss of associates accounted for using the equity method	(4)	-	-	-
Other comprehensive income for the year	(5,258)	-	(590)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 536,814</u>	<u>38</u>	<u>\$ 612,516</u>	<u>42</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 542,072	38	\$ 613,106	42
Non-controlling interests	-	-	-	-
	<u>\$ 542,072</u>	<u>38</u>	<u>\$ 613,106</u>	<u>42</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	536,814	38	\$ 612,516	42
Non-controlling interests	-	-	-	-
	<u>\$ 536,814</u>	<u>38</u>	<u>\$ 612,516</u>	<u>42</u>
EARNINGS PER SHARE				
Basic	<u>\$ 7.30</u>		<u>\$ 8.13</u>	
Diluted	<u>\$ 7.26</u>		<u>\$ 8.07</u>	

(Concluded)

eMemory Technology Inc. and Subsidiary

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

	Ordinary Shares		Capital Surplus	Retained Earnings				Other Equity		Treasury Shares	Total Equity
	Shares	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
	(In Thousands)										
BALANCE, JANUARY 1, 2018	75,783	\$ 757,823	\$ 427,496	\$ 280,298	\$ 926	\$ 671,322	\$ 952,546	\$ -	(\$ 62,992)	\$ -	\$2,074,873
Appropriation of 2017 earnings											
Legal reserve	-	-	-	59,862	-	(59,862)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(538,736)	(538,736)	-	-	-	(538,736)
Change in capital surplus from investments in associates accounted for by using equity method	-	-	9	-	-	-	-	-	-	-	9
Issue of cash dividends from capital surplus	-	-	(29,631)	-	-	-	-	-	-	-	(29,631)
Net profit for the year ended December 31, 2018	-	-	-	-	-	613,106	613,106	-	-	-	613,106
Other comprehensive income for the year ended December 31, 2018	-	-	-	-	-	(1,650)	(1,650)	-	1,060	-	(590)
Total comprehensive income for the year ended December 31, 2018	-	-	-	-	-	611,456	611,456	-	1,060	-	612,516
Issuance of ordinary shares under employee share options	8	85	2,794	-	-	-	-	-	-	-	2,879
Buy back of ordinary shares	-	-	-	-	-	-	-	-	-	(404,238)	(404,238)
Share-based payment	-	-	15,869	-	-	-	-	-	-	-	15,869
BALANCE, DECEMBER 31, 2018	75,791	757,908	416,537	340,160	926	684,180	1,025,266	-	(61,932)	(404,238)	1,733,541
Appropriation of 2018 earnings											
Legal reserve	-	-	-	61,311	-	(61,311)	-	-	-	-	-
Special reserve	-	-	-	-	61,006	(61,006)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(556,678)	(556,678)	-	-	-	(556,678)
Change in capital surplus from investments in associates accounted for by using equity method	-	-	3,676	-	-	-	-	-	-	-	3,676
Issue of cash dividends from capital surplus	-	-	(37,112)	-	-	-	-	-	-	-	(37,112)
Net profit for the year ended December 31, 2019	-	-	-	-	-	542,072	542,072	-	-	-	542,072
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	-	(1,604)	(1,604)	(4)	(3,650)	-	(5,258)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	540,468	540,468	(4)	(3,650)	-	536,814
Issuance of ordinary shares under employee share options	43	428	13,554	-	-	-	-	-	-	-	13,982
Share-based payment	-	-	7,791	-	-	-	-	-	-	-	7,791
BALANCE, DECEMBER 31, 2019	75,834	\$ 758,336	\$ 404,446	\$ 401,471	\$ 61,932	\$ 545,653	\$1,009,056	(\$ 4)	(\$ 65,582)	(\$ 404,238)	\$1,702,014

eMemory Technology Inc. and Subsidiary

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

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 633,184	\$ 698,831
Adjustments for:		
Depreciation expenses	40,678	37,402
Amortization expenses	14,495	13,202
Expected credit (gain) loss	(2,984)	8,018
Finance costs	179	-
Interest income	(9,631)	(10,663)
Dividend income	(291)	(943)
Share-based payments	7,791	15,869
Share of loss of associates	4,336	4,356
Loss on disposal of property, plant and equipment	-	278
Intangible asset reclassified as operating expenses	10	-
Gain on disposal of investments	(95)	(79)
Net loss (gain) on foreign currency exchange	4,321	(1,015)
Changes in operating assets and liabilities		
Accounts receivable	32,484	(83,763)
Other receivables	(1,691)	-
Other receivables - related parties	(159)	326
Prepayments	426	(1,895)
Other current assets	(1,373)	(879)
Contract liabilities	(4,985)	4,351
Other payables	(13,204)	13,176
Other current liabilities	115	165
Net defined benefit liabilities	(554)	(558)
Bonuses payable to employees and directors	(12,972)	4,467
Cash generated from operations	690,080	700,646
Interest received	9,618	10,676
Income tax paid	(107,168)	(75,900)
Net cash generated from operating activities	<u>592,530</u>	<u>635,422</u>

(Continued)

eMemory Technology Inc. and Subsidiary

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

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(\$ 1)	(\$ 1)
Acquisition of financial assets at fair value through profit or loss	(592,000)	(600,000)
Proceeds from disposal of financial assets at fair value through profit or loss	592,095	600,079
Acquisition of property, plant and equipment	(24,601)	(11,335)
Increase in refundable deposits	(18)	(16)
Acquisition of intangible assets	(21,148)	(17,934)
Dividend received	291	943
Net cash used in investing activities	<u>(45,382)</u>	<u>(28,264)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of lease liabilities	(3,022)	-
Dividend paid	(593,780)	(568,353)
Exercise of employee share options	13,982	2,879
Payments for buy-back of ordinary shares	-	(404,238)
Interest paid	(179)	-
Net cash used in financing activities	<u>(582,999)</u>	<u>(969,712)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(2,294)</u>	<u>873</u>
NET DECREASE IN CASH	(38,145)	(361,681)
CASH AT THE BEGINNING OF THE YEAR	<u>1,302,003</u>	<u>1,663,684</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,263,858</u>	<u>\$ 1,302,003</u>

(Concluded)