

CATCHER TECHNOLOGY CO., LTD  
2015 Annual Report

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Luxembourg Stock Exchange

Disclosed information can be found at BLOOMBERG Website

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

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## One 、 Letter to Shareholders

Dear Shareholders,

The global economy was volatile in 2015. The competition between brand companies became more intensive due to the lukewarm demand and changing economy. The overall variation and uncertainty were still high, and IT industries especially had more impact. Catcher, in the face of a challenging environment, still remains the growth momentum. In 2015, the consolidated sales reached NT\$ 82.4 billion, up nearly 50% compared to NT\$ 55.3 billion in the previous year. The net profit reached NT\$ 25.1 billion in 2015, a 40.5% growth compared to the previous year. Both sales revenues and earnings hit another record high.

In 2015, Catcher continued to have another breakthrough in material and process on the back of existing customers and products. Catcher also needed to expand a large scale capacity to meet the market demand. Going forward, Catcher is going to fully use its superb capabilities in different materials, secondary processing, surface-treatment and “Comprehensive Manufacturing Matrix”. At the same time, Catcher is going to upgrade the internal efficiency and execution, to take the advantages of being an industry leader, and to lift the entry barriers among the mechanical parts industry.

### Financial performance

The consolidated revenue of the Catcher Group in 2015 was NT\$82.4billion. The consolidated gross profit rate of the group was 46%. The consolidated net profit after tax was NT\$25.1 billion, and the basic earnings per share was NT\$32.61.

#### Operation Results (Group)

Unit: in thousand NTD

Item	2015		2014	
	Amount	%	Amount	%
Operating revenues	82,413,385	100%	55,277,365	100%
Gross Profit	38,146,556	46%	26,101,348	47%
Operating income	29,425,687	36%	20,024,925	36%
Income before tax	34,696,998	42%	23,544,603	42%
Net income	25,120,856	31%	17,877,167	32%

#### Profitability (Group)

Item		2015	2014
Return on assets		16%	15%
Return on equity		24%	21%
Percentage of capital	Operating income	382%	260%
	Income before tax	450%	306%
Net income to sales		31%	32%
EPS (NTD)		32.61	23.52

### Research and Development

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

The current directions in research and development include special magnesium alloys, aluminum alloys, stainless steel, carbon (glass) fiber, plastic casing and other metal applied on products' casing and structural design, for example, even one NB model could have combinations from different designs for its A, C, D parts. Catcher offers customers with one-stop shopping solutions based on the complete and strong technology matrix. In addition, the company also adopts laser engraving of components, along with seamless welding, metal /plastic injection mold techniques, etching and multi-color surface treatment techniques, and high precision extrusion techniques for large metal casing in smartphones, notebooks and tablets to achieve the high quality that has never seen before. Besides, the company also invests a lot of effort in extending into other niche products such as high strength glass, sapphire processing technologies, and new thermal application of metal. The metal materials can also be used in the biotechnology, medical industry and high density energy field. The latest research and development of Catcher are : 1) diamond-like carbon (DLC) coatings on aluminum and stainless steel; 2)multi-color combo electric chemical method on aluminum and stainless steel; 3)thermal plastic composites and its 3D forming technology; 4)color enhanced photology on metal casing; 5)RF-free unibody process on metal and carbon composites.

### **Business strategies**

To continuously strengthen the competitive advantage in this industry, along with our vertical integration, Catcher is going to use advanced materials, designs, technological process innovation and superior manufacturing capability to create the massive economy of scale and to form an even larger competitive edge. That would therefore improve our relationships with customers and expand to new application to keep growth momentum in sales and profits.

Catcher will also continue its investment in production automation, which has already contributed significantly to the production management. Therefore, it is key that to enhance the production stability, productivity, and to expand the capacity further. We will aim to actively achieve human resource optimization and accumulate resources for progress. To boost the company's growth, we will continue our development of core products and technologies, expansion of new customers, and diversification of applications.

The diversification and allocation of our facilities is also on going. We expect to achieve optimal allocation among four sites; Taiwan, Suzhou, Suqian, and Taizhou. Therefore, the risk of sole factory site and the impact from volatile market and operating environmental can be reduced.

### **Important sales policies**

The outlook of the metal casing business: smartphones will grow significantly to replace the feature phones and will further penetrate into more markets and customers and thus smartphones will be the largest growth drivers in the next few years. We also see notebook brands lean toward the slim design and the rise of tablets also indicates the trend of thin and light portable devices is confirmed. Overall, looking at the design trend of each consumer electronic devices mentioned above, metal will be the best solution for the mobile devices. Wearable devices also flourished in 2015 with single brand's selling volume achieving a certain level of scale. As wearable devices also adopt metal casing design, this could be one of the growth drivers in the future.

The commitment of the main customers in choosing the materials and partnering with the vendors is getting higher. Catcher will also fully utilize its competitive advantages to continuously increase capacity at a steady pace to meet customers' demands and to gradually implement fastest manufacturing/sales support for the customers. In order to achieve instant customer services, sales, manufacturing, and R&D will be closer to the customers with the aim to progress at the same pace as the customers.

### **Effects of external competition, legislative environment, and macro environment**

In terms of external competition, the gross profit in the IT electronics industry will be increasingly compressed as technology progresses in leaps and bounds and new products are being constantly launched. The generally positive outlook of metal component parts is drawing a wave of new competitors, creating a significant amount of pressure on the existing businesses. However, competition is inevitable and serves to maintain positive catalyst among this industry. In order to ensure our leading position, the company pays close attention to the markets and technological development and changes by collecting and analyzing the information on different materials and manufacturing process. The objective is to reduce the impact of

changes in technology while keep enhancing advanced technologies. In addition to investing in basic material science, the company also reinforces development in different material molding as well as processing and surface treatments, enhances core R&D techniques, and diversifies its products and lift them onto higher levels to secure and stabilize profits. Excellent production techniques and huge capacity will be utilized to provide premium customer services in order to strengthen mutually beneficial for long term relationships.

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

As the macro environment becomes more complex, the company will take into account the industry conditions and macro economic indicators, and carefully evaluate and select the best strategies.

### **Business outlook and targets**

Looking forward, the focus of development for Catcher will be on three segments: smartphones, tablets, and notebooks. Wearable devices have already grown to a new market, which will be a new area that metal casing vendors could tap into in the future.

For smartphone market in 2015, IDC indicated the shipments of smartphones to be around 1.433 billion, up 10.1% y-y in a high pace. IDC also estimates the smarthone will increase to 1.563 billion units in 2016, up 8.8% y-y , and up 8% to 1.687 billion units in 2017. We expect the competition between different brands and different operating systems to be more fierce in the future for smartphones, thus mid-to-high models will be the main source of profitability for brand customers. High value-added and product differentiation will be the fundamental for tier 1 brands to expand market share. Moreover, due to the trend of being larger screen size, thinner, lighter and fashions for smartphones, metal casing has become one of the must-have specifications. The trend of metal casing design also leads to the "bigger gets bigger" in the industry. As a result, smartphones remain one of the main growth drivers for the Company.

MIC indicated the shipment of of Tablet PC in 2015 was around 213 million units, compared with 242 million in 2014, down by 12%. MIC forecast that tablet will further decrease to 191/183 million units in 2016/2017, cannibalized by both larger screen-size smartphones. However, the launch of larger-size tablet PC and booming of 2-in-1 tablet drives tablet to penetrate into a new segment of the market. Compared to notebook, tablet is more convenient and thus it requires higher requirement on strength and outlook. Therefore, tablet will continue to be one of the important products for metal casing vendors.

On the PC side, MIC indicates the unit shipment in 2015 was 281 million, decreasing by 7.5% YoY from 304 million in 2014, which was mainly from the cannibalization of both smartphones and tablet PC. MIC further estimates that the PC will decline slightly by 1.7% YoY to 277 million units in 2016 and another 1.7% to 272 million in 2017. Overall PC market will stabilize at around 260-270 million annual unit shipment.

Notebook shipments of 2015 were 161 million, compared to 172 million units in 2014, declining by 6.2% y-y. As for 2016/2017, it will stabilize a little bit to 155/151 million units, down by 3.9%/2.8% YoY, respectively. Notebooks business is still one of important part for our sales revenue. Although it's mature, the slim and stylish design of products can increase the penetration rate of metal casing. We expect the NB business could be quite stable, due to the stable demand for corporate models and some consumer models will switch to high end metal casings.

Looking ahead into 2016, mobile devices, especially smartphones, will continue to grow, metal adoption will increase, penetration into the new areas, all of which will drive the metal casing sector to grow. In addition, Catcher will see significant growth from continuing rising demand from the existing customers and new products/new customers' add. Catcher will continue to develop special production processes, techniques, and materials in combination with the existing production techniques to keep strengthening the comprehensive manufacturing matrix, which will enable the company to remain a leading manufacturer in metal casing and inner components worldwide as a major supplier that can meet customers' requirements of execution, capacity, quality, yield rate, mass production capability, cost structure, customized and innovative designs. In terms of sales forecast, although differences in product specifications, sizes, diversification of materials and processing techniques render the company's forecast of metal component sales meaningless, the goal for Catcher is still committed to outperforming the average industry growth in the future.

Catcher will continue to uphold its philosophy of Innovative Technology, Customer Services, Honesty and Integrity, and Sustainable Development, and work toward the goal of becoming a world leader in light metals technology. The company will also remain committed to product innovation, business model optimization, production technology enhancement, and cost structure improvement in order to maintain the leading position. Hence, it does not matter how the business environment changes in the future, we have the ambition,

confidence, and determination to achieve our goals and create maximum value for our customers, shareholders, and employees.

Chairman Shui-Shu Hung





## **Two 、Corporate Profile**

### **1. Date of Incorporation: November 23, 1984**

### **2. Milestones**

- 1984: Located in No. 60, lane 77, Hai-zhong street, Tainan city with initial capital of NTD2 million, Catcher began to develop aluminum alloy casting parts for hard drives.
- 1986: Increased NTD3 million capital in cash and paid-in capital totaled NTD5 million. Commenced mass production for hard drives to supply Micro Science Technology, the largest hard drive manufacturer in Taiwan, and began to develop magnesium alloy die casting technologies.
- 1987: Magnesium alloy die casting technology developed smoothly, and Catcher received the first order from Prime Company for 5 1/4" floppy drive reading/writing arm.
- 1988: The Company's products quality was highly accepted by customers, and in order to enlarge business size, the Company decided to buy a new land in Yung Kang Industrial Park of 4,958.55 square meters, for building new plants and equipments.
- 1989: Moved in No. 79, Huan-Gong road, Yong-Kang city, Tainan County, and procured our first hot chamber die casting machine from a German manufacturer to produce magnesium alloy reading/writing arms for hard drives. This mentioned above high-tech machine has even attracted Japanese casting companies' attentions and visited the Company purposely. In the same year, the Company purchased Toshiba's aluminum alloy die casting machine, 800 tons, and vacuum casting equipments to produce the aluminum alloy casting parts and components. The Company then exported to Japan the aluminum alloy casting parts, which could stand high temperatures up to 400°C.
- 1990: Increased NTD10 million capital in cash, and paid-in capital totaled NTD15 million. Aggressively developed foreign markets by attending trade exhibitions, included in the USA, Canada, Japan, Germany, Belgium, and Netherlands, to seek for potential customers. The Company's foreign orders of magnesium alloy casting parts were used in mobile phone, and the extremely matured technology became our major competitive advantage internationally.
- 1991: Improve the quality of die casting parts, the Company applied Switzerland vacuum casting technology to its products and achieved very satisfied results. The Company started to export hard drive chassis and casings to Singapore this year, and due to product's high quality, sales orders were piling up.
- 1992: Cash offering of NT\$10 million, and paid-in capital totaled NT\$25 million. The Company gradually established its reputation in the foreign market, and the Company's superior technology and product quality had placed it on international hard drives manufacturers' approved vendor lists, too. The Company's matured mass production technology in producing précised die casting parts attracted a great many foreign price quotation requirements.
- 1994: Cash offering of NT\$15 million, and paid-in capital totaled NT\$40 million. The Company was accredited with ISO 9002 from DNV1 and started to cooperate with Acer Inc., one of the largest PC brand names manufactures in Taiwan, to develop notebook PC components made by magnesium alloys casting parts.
- 1995: Cooperated with Acer Inc., to develop notebook PC components made by magnesium alloys casting parts.

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

casting robots, for enhancing company's current capacity.

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

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

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

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

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

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

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

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

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

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

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

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

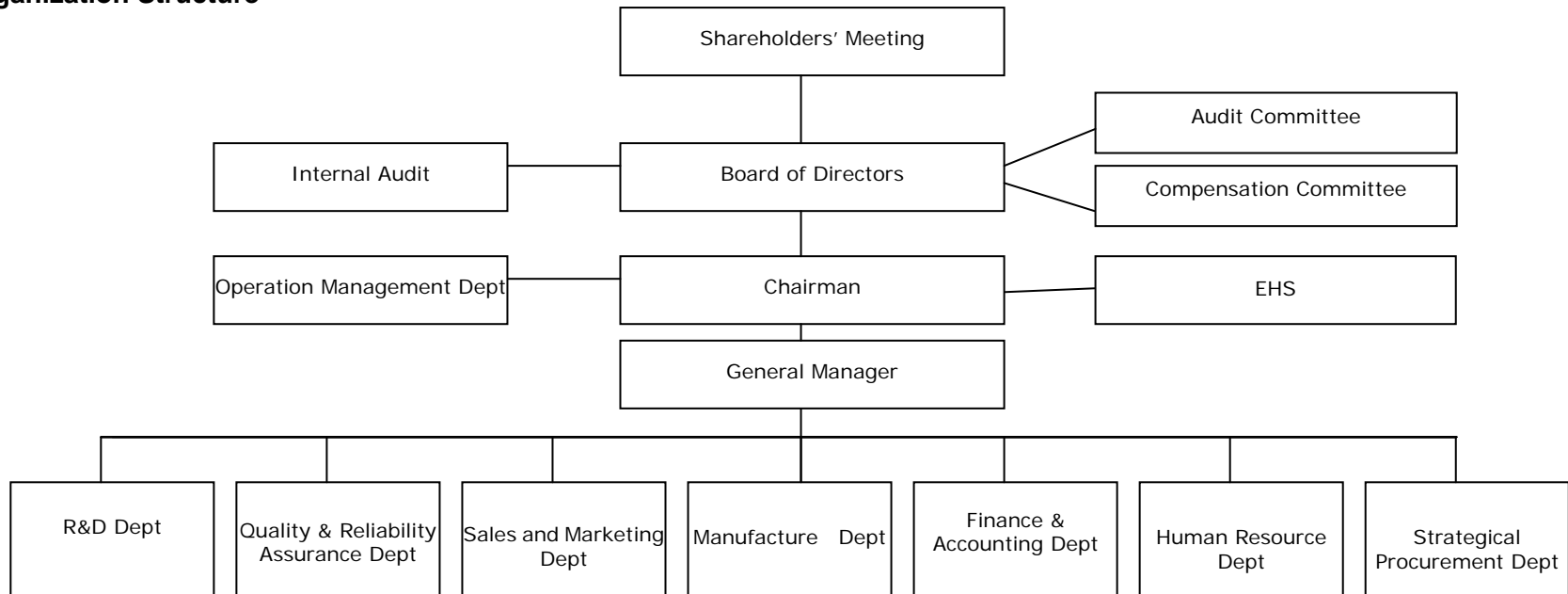
- 2006: To be honored with “Forbes Asia’s 200 Best under a billion”.  
 To be honored with “Number 19 on Asian BusinessWeek 50 Scoreboard”.  
 To be honored with “Standard & Poor’s Blue-Chip Stock”.  
 Catcher invested in Meeca Technology (Suzhou) Co., Ltd. and in the meantime procured hundreds of CNC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

- 2012 Consolidated sales revenue was 37.0billion, and net profit was 10.89 billion. Both of the sales revenue and net profit in 2012 were the record high.  
Catcher was ranked one of the 1,000 fastest growing companies in the world.  
Catcher was ranked as No.5 of 2012 Taiwan Corporate Award & No. 3 of Top 10 the Best Profitable Company; No.10 of Top 10 Growth Corporate.
- According to the Group's development strategy, Catcher set up VITO Technology (Suqian) Co., Ltd . and Topo Technology (Taizhou) Co. Ltd. which were approved by the Investment Commission.
- 2013 Consolidated sales revenue was 43.2billion, and net profit was 13.8billion. Both of the sales revenue and net profit in 2013 hit the historical high.  
Awarded the best international trades vendors in 2012 by the Bureau of Foreign Trade, MOEA
- 2014 Consolidated sales revenue was 55.2billion, and net profit was 17.8billion. Both of the sales revenue and net profit in 2014 hit another historical high.  
According to the Group's development strategy, Catcher set up Arcadia Technology (Suqian) Co., Ltd ., which was approved by the Investment Commission.
- 2015 Consolidated sales revenue was 82.4billion, and net profit was 25.1billion. Both of the sales revenue and net profit in 2015 hit another historical high.

## Three 、 Corporate Governance Report

### 1. Corporate Organization

#### (1) Corporate Organization Structure



#### (2) Organization Functions:

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

## 2. Information Regarding Directors and Management Team

### (1) Directors' Information

2016/03/21; Unit: share

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Yr)	Shareholding when Elected		Present Shareholding		Spouse& Minor Shareholding		Specific Person Shareholding		Education& Experience	Also Serves Concurrently as	Other Directors & Supervisors being spouse or immediate relation with Directors & Supervisors		
					Common Share	%	Common Share	%	Common Share	%	Common Share	%			Title	Name	Relation- ship
Director	Taiwan	Shui-Shu Hung	2013.06.13	3	10,704,834	1.43%	10,704,834	1.39 %	19,511,713	2.53 %	-	-	Medical School / National Taiwan University Chairman of Catcher Technology	Chairman of Catcher Technology Chairman & Director representative of Catcher Technology's subsidiaries Chairman of Kai-Yi Investment Co., Ltd Chairman & Director (Representative) of Epileds Tech., Inc. Chairman & Director representative of YueKang Heath management Co., Ltd	Director	Tien-Szu Hung Shui-Sung Hung	Brothers
Director	Taiwan	Tien-Szu Hung	2013.06.13	3	10,661,889	1.42%	10,661,889	1.38 %	16,369,122	2.12 %	-	-	Chairman of Chia-Wei Investment Co., Ltd.	General Manager of Catcher Technology Director Representative of Catcher Technology's subsidiaries Chairman of Chia-Wei Investment Co., Ltd.	Director	Shui-Shu Hung, Shui-Sung Hung	Brothers
Director	Taiwan	Shui-Sung Hung	2013.06.13	3	10,278,970	1.37%	10,278,970	1.33 %	6,901	0%	-	-	Chairman of De-Neng Investment Co., Ltd.	Chairman of De-Neng Investment Co., Ltd.	Director	Shui-Shu Hung, Tien-Szu Hung	Brothers
Director	Taiwan	Ming-Long Wang	2013.06.13	3	-	0%	-	0%	-	0%	-	-	Finance P.H.D. University of New York City	Director of Catcher Technology Professor of department of Accounting and Finance in National Cheng Kung University Independent Director and Compensation Committee Member of Chinesegamer International Corp. Independent Director and Compensation Committee Member of Bothhand Enterprise Inc. Compensation Committee Member of Hanpin Electron Co., Ltd Independent Director and Compensation Committee Member of Ton Yi Industrial Corp. Compensation Committee Member of Chia Her Industrial Co., Ltd Independent Director and Compensation Committee Member of Kuei Meng International Inc. Compensation Committee Member of Soft-World International Corporation	-	-	-
Independent Director	Taiwan	I-Shiung Chuang	2013.06.13	3	-	0%	-	0%	-	0%	-	-	Partner of Da Hwa CPAs Firm Professor and Associate Professor of Chang Jung Christian University	Independent Director/ Audit Committee Member/Compensation Committee Member of Catcher Technology Partner of Da Hwa CPAs Firm Director of Anji Technology	-	-	-
Independent Director	Taiwan	Lih-Chyun Shu	2013.06.13	3	-	0%	-	0%	-	0%	-	-	Associate Professor of National Cheng Kung University Associate Professor of Chang Jung Christian University Dean of College of Information and Engineering in Chang Jung Christian University	Independent Director/ Audit Committee Member/Compensation Committee Member of Catcher Technology Professor of department of Accounting in National Cheng Kung University Director of Chang Jung Christian University	-	-	-
Independent Director	Taiwan	Mon-Huan Lei	2013.06.13	3	-	0%	-	0%	-	0%	-	-	Medical School / National Taiwan University Adjunct Instructor of National Taiwan University College of Medicine	Independent Director/ Audit Committee Member/Compensation Committee Member of Catcher Technology Assistant administrator of Lo-Hsu Foundation, Inc., Lotung Poh-Ai Hospital Director of Lo-Hsu Foundation, Inc., Lotung Poh-Ai Hospital	-	-	-

## Directors' and Supervisors' Professional Knowledge and Independence Information

Name \ Criteria	Five or more years of experience or professional qualification			Independence status (Note)										Number of companies also serves as independent director for
	Lecturer or above in business, law, finance, accounting or corporate business related fields	Qualification of justice, procurator, attorney, CPA, specialist or technician of national examination in corporate business related fields	Experience in business, law, finance, accounting or corporate business related fields	1	2	3	4	5	6	7	8	9	10	
Director Shui-Shu Hung	---	---	Yes	--	--	--	--	--	V	V	--	V	V	---
Director Tien-Szu Hung	---	---	Yes	--	--	--	--	--	V	V	--	V	V	---
Director Shui-Sung Hung	---	---	Yes	V	V	--	--	V	V	V	--	V	V	---
Director Ming-Long Wang	Yes	---	Yes	V	V	V	V	V	V	V	V	V	V	4
Independent Director I-Shiung Chuang	Yes	Yes	Yes	V	V	V	V	V	V	V	V	V	V	---
Independent Director Lih-Chyun Shu	Yes	---	Yes	V	V	V	V	V	V	V	V	V	V	---
Independent Director Mon-Huan Lei	---	---	Yes	V	V	V	V	V	V	V	V	V	V	---

Note: For those directors and supervisors who match the conditions listed below and two years before assuming period, "V" is marked in the appropriate space.

1. Is not an employee of the Company or its affiliates;
2. Is not a director or supervisor of the Company or its affiliates. Does not include the independent directors or supervisors in the parent companies and subsidiaries;
3. Does not directly or indirectly own more than 1% of the Company's outstanding shares, nor is one of the top ten non-institutional shareholders of the Company;
4. Is not a spouse or of immediate relation (child, parent, grandchild, grandparent, or sibling) to any person specified in the preceding two columns;
5. Is not a director, supervisor, or employee of a legal entity which directly owns more than 5% of the Company's issued shares, nor a director, supervisor or employee of the top five legal entities which are owners of the Company's issued shares;
6. Is not a director, supervisor, or manager of a company which has a business relationship with the Company, nor a shareholder who owns more than 5% of such a company;
7. Is not an owner, partner, director, supervisor, manager or spouse of any sole proprietor business, partnership, company or institution which has provided the Company and its affiliates with financial, business consulting, or legal services;
8. Is not a spouse or of immediate relation (child, parent, grandchild, grandparent, or sibling) to any of the directors;
9. Is not under any condition pursuant to Article 30 of the R.O.C. Company Law;
10. Is not a legal entity owner or its representative pursuant to Article 27 of the R.O.C. Company Law



## (2) Managers' Information

2016/03/21; unit: shares

Title	Name	Date Elected	Present Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Education & Experience	Also Serves Concurrently as	Other Directors & Supervisors being spouse or immediate relation with Directors & Supervisors		
			Shares	%	Shares	%	Shares	%			Title	Name	Relationship
General Manager	Tien-Szu Hung	2016.01.01	10,661,889	1.38%	16,369,122	2.12%	-	-	Chairman of Chia-Wei Investment Co., Ltd.	General Manager of Catcher Director Representative of Catcher's subsidiaries Chairman of Chia-Wei Investment Co., Ltd.	—	—	—
Vice President	Kenny Chien	2010.01.01	110	0.00%	0	0.00%	-	-	Graduate of Advanced Management Program(AMP)/Sloan School of Management, Massachusetts Institute of Technology EMBA/Fudan University Assistant Vice President / Dell Inc., Taiwan Vice President of Sales & Marketing Department of Catcher Technology	None	—	—	—
Vice President	James Wu	2010.03.01	0	0.00%	0	0.00%	-	-	MBA / Michigan State University Vice President of Finance and Accounting Division / Chunghwa Picture Tubes, Ltd Chief Investment Officer and Spokesman of Catcher Technology	Director representative of SIN-HER Technology Co., Ltd Supervisor representative of YueKang Health management Co., Ltd Director representative of CHAOHU YUNHAI MAGNESIUM INDUSTRY CO LTD,	—	—	—
Factory Chief	Lewis Huang	2014.04.01	0	0.00%	0	0.00%	-	-	Mechanism / National Chin-Yi University of Technology Factory Chief/ Catcher Technology Co., Ltd.	None	—	—	—
Assistant Vice President	Frank Lee	2010.02.01	0	0.00%	0	0.00%	-	-	Scientific PHD / Ching Hua University R&D manager / Catcher Technology Co., Ltd.	None	—	—	—
Assistant Vice President	Brian Lee	2010.02.01	0	0.00%	13,985	0.00%	-	-	Mechanism / National Taipei University of Technology R&D manager / Catcher Technology Co., Ltd.	None	AVP	Irene Lin	Spouse
Assistant Vice President	Irene Lin	2012.01.01	13,985	0.00%	0	0.00%	-	-	St. Cloud State MBA Sale & Marketing Manager/Catcher Technology	None	AVP	Brian Lee	Spouse
Assistant Vice President	Mei-Hsing Chen	2012.01.01	68,234	0.00%	0	0.00%	-	-	EMBA / Nan-Tai University Finance & Accounting Manager/Catcher Technology	Director representative of Epileds Tech., Inc. Director of Catcher Technology's Hong Kong subsidiaries	—	—	—

**(3) The Compensation of Directors, Supervisors, and Managers**  
**A. Director's Compensation**

2015/12/31;Unit: thousand NTD

Title	Name	Remuneration to directors								Total A,B,C, D as % of EAIT		Employment-related Remuneration												Total A,B,C,D,E,F,G as % of EAIT		Remuneration received by investing business other than company subsidiaries
		Remuneration (A)		Retirement pension (B)		Remuneration from distributed earning(C) (Note 1)		Business implementation expenses (D)				Salary, bonuses and special expenses (E)		Retirement pension (F)		Employee compensation from distributed earnings (g)				Amount of Employee Share Options Received (h)		Granted Employee Restricted Stock (i)				
		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher		All consolidated entities		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	
Chairman	Shui-Shu Hung	0	0	0	0	17,000	17,000	905	905	0.07%	0.07%	4,592	8,679	0	0	142,201	-	201,690	-	0	0	0	0	0.66%	0.91%	None
Director	Tien-Szu Hung																									
Director	Shui-Sun g Hung																									
Director	Ming-Lon g Wang																									
Independent Director	I-Shiung Chuang																									
Independent Director	Lih-Chyun Shu																									
Independent Director	Mon-Hua n Lei																									

Note1: Distributed earnings of 2015 have not been approved by shareholders' meeting as of printing date. Thus employee compensation was calculated proportionally based on the actual distribution of last year.

Note2: The above mentioned Directors only include the incumbent Directors as of printing date.

Note3: The disclosed remuneration concepts here are different from taxation perspectives. Thus, the disclosed information is not for taxation purpose.

### Levels of Amounts of Compensation

Remuneration range for directors	Name of the directors			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	Catcher	All consolidated entities	Catcher	All consolidated entities
Less than NTD 2,000,000	Ming-Long Wang / I-Shiung Chuang / Lih-Chyun Shu / Mon-Huan Lei /	Ming-Long Wang / I-Shiung Chuang / Lih-Chyun Shu / Mon-Huan Lei /	Ming-Long Wang / I-Shiung Chuang / Lih-Chyun Shu / Mon-Huan Lei	Ming-Long Wang / I-Shiung Chuang / Lih-Chyun Shu / Mon-Huan Lei
NTD 2,000,000(included)~5,000,000 (excluded)				
NTD 5,000,000(included)~10,000,000 (excluded)	Shui-Shu Hung/ Tien-Szu Hung/ Shui-Sung Hung /	Shui-Shu Hung/ Tien-Szu Hung/ Shui-Sung Hung /	Shui-Sung Hung/ Tien-Szu Hung	Shui-Sung Hung
NTD 10,000,000(included)~15,000,000 (excluded)				
NTD 15,000,000(included)~30,000,000 (excluded)				
NTD 30,000,000(included)~50,000,000 (excluded)				
NTD 50,000,000~100,000,000 (excluded)				Tien-Szu Hung
NTD 100,000,000 or More			Shui-Shu Hung	Shui-Shu Hung
Total				

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

### **B. Managers' Compensation**

2015/12/31; Unit: thousand NTD

Title	Name	Salary (A)		Retirement (B)		Bonus and special expense (C)		Employee compensation from distributed earnings (D) (Note 1)				Total A,B,C,D as % of EAIT		Amount of employee stock options received		Granted Employee Restricted Stock (i)		Remuneration received by investing business other than company subsidiaries
		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher		All consolidated entities		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	
								Cash dividends	Stock dividends	Cash dividends	Stock dividends							
Chairman & General Manager	Shui-Shu Hung	9,181	25,108	323	323	1,944	4,950	158,733	-	334,168	-	0.68%	1.45%	-	-	-	-	None
General Manager	Tien-Szu Hung																	
Vice President	Kenny Chien																	
Vice President	James Wu																	
Vice President	Jay Tseng																	
Vice President	Lawrence Kuo																	
Vice President	Jodan Yang																	
Vice President	Magic Liu																	

Note1: Distributed earnings of 2015 have not been approved by shareholders' meeting as at printing date, thus employee compensation were calculated proportionally based on the actual distribution of last year.

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

### **Levels of Amounts of Compensation**

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

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

### C. Managers' Compensation

2015/12/31; Unit: thousand NTD

	Title	Name	Stock dividends bonus Market value (Note 1)	Cash Compensation	Total	% of income after tax
Managers	Chairman	Shui-Shu Hung	0	178,953	178,953	0.71%
	Vice President	Kenny Chien				
	Vice President	James Wu				
	Factory Chief	Lewis Huang				
	Assitant Vice President	Frank Lee				
	Assitant Vice President	Brian Lee				
	Assitant Vice President	Mei-Hsing Chen				
	Assitant Vice President	Irene Lin				

Note1: Distributed earnings of 2015 have not yet been approved by shareholders' meeting as at printing date, thus employee compensation were calculated proportionally based on the actual distribution of last year.

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

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

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

Title	Item	% of income after tax				% of increase (decrease)	
		2015		2014			
		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities
Director		1.34%	2.36%	0.46%	2.27%	0.88%	0.09%
General Manager							
Vice Presidents							

Note: Distributed earnings of 2015 have not been approved by shareholders' meeting as at printing date, thus employee compensation were calculated proportionally based on the actual distribution of last year.

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

### 3. Corporate Governance Status

#### (1) Information of Board Meeting Operation

Number of meetings 7 (A) during the period starting from Jan. 2015 to Mar. 2016, attendance of each director is listed as follows :

Title	Name	Attendance (B)	Proxy Attendance	Attendance rate (%) (B)/(A)	Remarks
Chairman	Shui-Shu Hung	7	0	100	Elected on 2013/06/13
Director	Shui-Sung Hung	7	0	100	Elected on 2013/06/13
Director	Tien-Szu Hung	6	1	85.71	Elected on 2013/06/13
Director	Ming-Long Wang	7	0	100	Re-elected on 2013/06/13
Independent Director	I-Shiung Chuang	5	1	71.43	Elected on 2013/06/13
Independent Director	Lih-Chyun Shu	7	0	100	Elected on 2013/06/13
Independent Director	Mon-Huan Lei	3	4	42.86	Elected on 2013/06/13

Annotations:

1. There were no written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion in 2015.

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

Date of the meeting	Name of the Director	Item	Causes for avoidance and voting
2015.12.29	Tien-Szu Hung	Catcher plans to replace the General Manager	The resolution was approved by the Board.
2015.12.29	Shui-Shu Hung	Catcher's Board of Directors resolved to donate to Catcher Education Foundation	The resolution was approved by the Board.

3. Measures taken to strengthen the functionality of the Board: We believe that the basis for successful corporate governance is a sound and effective Board of Directors. In line with this principle, Catcher's Board of Directors has established an Audit Committee on 2013/06/13 and a Compensation Committee on 2011/06/13 to assist the Board in carrying out its various duties.

#### (2) Information Regarding Audit Committee's Operation

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

Number of meetings 7 (A) during the period starting from Jan. 15 to Mar. 16, attendance of Audit Committee is listed as follows

Title	Name	No. of times attended in person (B)	No. of times attended by proxy	Attendance rate (%) (B)/(A)	Remark
Independent Director	I-Shiung Chuang	6	1	85.71	Elected on 2013/06/13
Independent Director	Lih-Chyun Shu	7	0	100	Elected on 2013/06/13
Independent Director	Mon-Huan Lei	3	4	42.85	Elected on 2013/06/13

Other mentionable items:

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

### (3) Corporate Governance Practices

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?		✓	The Company has not yet established the Corporate Governance Best-Practice Principles.	The Company has not yet established the Corporate Governance Best-Practice Principles but the related processes are inline with the principle.
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓ ✓		(1) The Company has designated the spokesman / deputy spokesman/ IR and specific persons to handle shareholders' recommendations or issues (2) The Company keeps close relationship with key shareholders, who have management control of the Company, or those who have ultimate control of this company. IRO or shareholders' Stock affair specialists were appointed to follow up the change of shareholding status.	None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) Catcher has set up an "Affiliated Management Policy" which rules risk control mechanisms and firewalls between the Company and its affiliated.	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4) To protect shareholders’ rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations.	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1) The Board consist of 7 Directors, 3 out of whom are independent directors, with practical experience or teaching experience as professors in the universities. The independent directors also include accountants, professors of Accounting Department/business college. Member diversification is considered by the Board members.	None
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) In order for the sound supervision and reinforcement of management, the Company has established the Compensation Committee and the Audit Committee and will also establish other committees according to regulations or operational needs in the future.	
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?		✓	(3) The company has not yet established formulated rules and procedures for evaluating the Board’s performance	
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) The Company evaluates the independence of CPAs periodically, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company. Besides, there are also internal rotations to ensure the independence of the CPAs.	
4. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has assigned spokesperson, deputy spokesperson and investor relations specialist for immediate communication with stakeholders. The Company has also built a designated section on the website for stakeholders for all the issues they care about and a channel to get appropriate response. In addition, the Company publishes Corporate Social Responsibility Report every year, and provides an annual stakeholders’ survey, where the participants include employees, customers, suppliers, shareholders/investors, residents, governments, NPO/NGO, and media to better understand	None



Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			how much these stakeholders pay attention to the social responsibility issues. The Company could then take the feedback from the survey as reference and to achieve the goal of the expectation of the stakeholders.	
5. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates KGI Securities Co., Ltd to deal with shareholder affairs. The address is 5F, No. 2, Sec. 1, Chung Ching South Rd., Taipei City, Taiwan; phone number: 02-23892999. Website: <a href="http://kgiworld.com.tw/">http://kgiworld.com.tw/</a>	None
6. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?  (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓  ✓		(1) The Company has set up a Chinese/English website ( <a href="http://www.catcher-group.com">www.catcher-group.com</a> ) to disclose information regarding the Company's financials, business and corporate governance status. The Company also discloses other information according to the regulations requirement on MOPS website and thus investors may also refer to MOPS website for the Company's financials, operational information and corporate governance. (2) The Company has assigned an appropriate person (investor relations specialist) to handle information collection and disclosure, including English, Traditional Chinese, and Simplified Chinese) and established a spokesman system. Investor conference information is disclosed on the corporate website. The Company also holds or attend the analyst meeting/conference calls and the related information will be posted on MOPS or the Company's website.	None
7. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(1) Status of employee rights and employee wellness: Catcher commits itself to uphold the welfare of its employees complying with relevant regulations. Please refer to the “Employees” section on pages 63-64 of this annual report. (2) Catcher has appointed spokesman / deputy spokesman/ IRO to maintain fair relationship with our investors, provides contact information, releases operational reports periodically, and attends analysts meetings/conference calls to establish an immediate communication channel with our investors. Phone number: 02-27988000 #2812; website:	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<a href="http://www.catcher-group.com">www.catcher-group.com</a> ; email: IR@catcher-group.com (3) We value our suppliers and stakeholders as our assets and therefore sign contracts with our suppliers and customers to protect mutual rights and obligations and maintain a well relationship. (4) Stakeholders’ protection: All stakeholders can have a smooth communication channel with the Company to secure their rights by email, phone, email and company website. (5) The status of Directors’ training records: The Directors of the Company all have industry professions and practical experiences. In addition, the Company provides irregular training courses on different area, including financial, business operation or laws knowledge by their desire. (6) Status of risk management policies and risk evaluation: The Company holds Board Meetings at least once a quarter to supervise the operational status and risk management. Please refer to the “Risk Management” section on pages 86-87 of this annual report. (7) The Company has purchased D&O insurance for its directors and managers. (8) The Company has adopted electronic voting to enhance the information transparency to ensure the shareholders’ right.	
8. Has the company implemented a self-evaluation report <sup>2</sup> on corporate governance or has it authorized any other professional organization to conduct such evaluation? If so, please describe the opinion from the Board, the result of self or authorized evaluation, the major deficiencies, suggestions, or improvements.		✓	No, the Company hasn’t issued self-evaluation report on corporate governance.	

#### (4) Composition, Responsibilities and Operations of Compensation Committee

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

**B.** Professional Qualifications and Independence Analysis of Remuneration Committee Members

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

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

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not a person of any conditions defined in Article 30 of the Company Law.

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

Number of meetings 3 (A) during the period starting from 2015/01 to 2016/03, attendance of Compensation Committee is listed as follows

Title	Name	No. of times attended in person (B)	No. of times attended by proxy	Attendance rate (%) (B)/(A)	Remark
Convenor	Lih-Chyun Shu	3	0	100	Elected on 2013/07/31

Member	Mon-Huan Lei	1	2	33.33	Re-elected on 2013/07/31
Member	I-Shiung Chuang	3	0	100	Elected on 2013/07/31

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

### (5) The Company's Policy and Efforts to be Socially Responsible

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Explanation <sup>2</sup>	
1. Corporate Governance Implementation (1) Does the company declare its corporate social responsibility policy and examine the results of the implementation	✓		(1) The Company has approved and announced the "Procedures for social responsibility management" in 2014 for the Company to implete corporation social responsibility. The procedure is established based on domestic and international regulations and the strategic directions of the Company. The procedure will be audited by internal auditors and be assessed the effects regularly.	None
(2) Does the company provide educational training on corporate social responsibility on a regular basis?	✓		(2) The Company delivers the message regarding the importance and requirement of CSR to its employees through new employees' training sessions, employees' symposium, internal website, and the quarterly Board meetings and set the related fules in the "Procedures for social responsibility management."	
(3) Does the company establish exclusively (or concurrently) dedicated first-line managers			(3) The Company has established the CSR team, which includes the employees from strategic management, auditors, labor safety, human resources, stragteic procurement, sales and marketing, investor relations department, in charge of the publish of CSR report and	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation <sup>2</sup>	
authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		implementing the related CSR matters and report directly to the Chairman.	
(4) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	✓		(4) In addition to reasonable compensation system, the Company also established a new reward and disciplinary system based on the employee performance appraisal system which includes our corporate social responsibility policy as one of the most important criteria for evaluation.	
2. Sustainable Environment Development (1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(1) The Company has promoted various projects such as energy saving, electronic forms, recycling of the dangerous waste product to enhance the efficiency of resources utilization. Besides, the Company also adopts QC 080000 system to decrease the dangers it may produce from the production process.	None
(2) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(2) The Company has received ISO 14001 certifications for environmental management systems since 2009. Through promotion of ISO 14001, the Company has established effective monitoring management system to achieve the policy goal. In addition, in line with ISO 14001 concept of continuous improvement, the Company diligently carries out its responsibilities of pollution prevention, energy and resource conservation, waste reduction, accident prevention, and the establishment of a safe and comfortable work place.	
(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?	✓		(3) The Company has monitored the impact to the operation brought by the climate change and has completed many energy-saving projects in 2015, where we see significant effects. Moreover, through the promotion of ISO 14064-1 carbon footprint project, the Company has calculated the greenhouse gas emissions from the main operational scope and planned for the follow-up plans to decrease the greenhouse gas emissions.	
3. Preserving Public Welfare (1) Does the company formulate appropriate management			(1) The Company has established internal policies as guidelines to ensure the labor rights and benefits. Through periodic internal audits and improvement, the Company aims to provide a friendly working environment for the employees and to protect the employees from every	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation <sup>2</sup>	
policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		department under different hierarchies.	
(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	✓		(2) Catcher offers an Employee Relations Hotline that provides a channel for employees to express their opinions regarding their work and the overall work environment. The employee relations team ensures all cases are handled with care and the employees could get a reply on the follow-up actions within 7 days.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3) The Company has completed the certification of OHSAS 18001 in 2015 and therefore led the labor safety system even more complete. Based on the regulations of OHSAS 18001, we have established a management system on labor health and safety, which continuously evaluates and controls the risks in the working environment and follow up on improvement measures. Besides, in comply with the regulations, the Company provides the employees with regular health checkup and also holds regular training sessions to build a better working environment.	
(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	✓		(4) To ensure that employees’ opinions and voices are heard, and their issues are addressed effectively, impartial submission mechanisms, including quarterly labor-management communication meetings, are in place to provide timely support. At the same time, efforts are made to ensure that employees are informed of current policies.	
(5) Does the company provide its employees with career development and training sessions?	✓		(5) Catcher not only assesses and provides feedback on employees’ skills and interests, but also offers training and development activities that match their career development objectives and job needs.	
(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	✓		(6) The Company has always maintained its business concept to establish internal management process, in comply with government regulations and international standards to deal with clients’ complaints and demands there’s no cheating, misleading, fraud or any other behaviors that may harm clients’ rights or trust and take the measures to prevent the same issues to occur again.	
(7) Does the company advertise and label its goods and services according to relevant			(7) When labeling and advertising its products worldwide, Catcher consistently honors regional and national regulations (ex: UL, RoHS labeling) without misleading its customers by exaggerating the information provided.	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation <sup>2</sup>	
regulations and international standards?	✓			
(8) Does the company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?	✓		(8) The Company has required all of its suppliers to follow their commitments on CSR, which includes voluntary labors, underaged labors, compensation or benefits, working time, anti-discrimination, health and safety, environmental protection, and moral behaviors. The Company has chosen three suppliers to audit its implementation on CSR based on customer portfolio and transaction scale during 2015. In the future, Catcher will continue to work on the suppliers' audit.	
(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	✓		(9) Catcher requires all the suppliers with transactions with us to sign the CSR commitment. When suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society, Catcher may terminate any agreements. The Company also established a stakeholders' section on its website and provides contact windows for different issues. The Company also set up a section for “Employee Code of Conduct” for internal/external parties to report illegal actions regarding morality and integrity.	
4. Enhancing Information Disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	✓		(1) There's a CSR section on our website. <a href="http://www.catcher-group.com/tw/csr.aspx">http://www.catcher-group.com/tw/csr.aspx</a> . The Company will disclose the information regarding the message, projects and activities on corporate social responsibility, the information on Catcher' Education Foundation, and provides historical CSR reports for readers to download.	None
5. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has established the “Procedures of social responsibility management” in 2014, which is inline with “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and international standards (ex: SA 8000, EICC). Therefore, the Company is able to meet the regulations and the requirement of the stakeholders in terms of labor rights, health and safety, environment, code of ethics, and management systems.				
6. Other important information to facilitate better understanding of the company's corporate social responsibility practices : The Company has established a CSR Team comprising of employees from various departments to be in charge of the publishing of CSR report. The Company has already issued 2014's CSR report on the website for stakeholders and the CSR Team is working on publishing the 2015's CSR report. Looking forward, the Company expects every department to execute strategies based on the KPI which is conjunction with the social responsibility and to help realize the long-term vision of the Company.				
7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: The Company has received the certification of ISO 9001, ISO 14001, OHSAS 18001, IECQ QC 080000 and product carbon footprint of PAS 20150:2011 (for carbon fiber and glass fiber). 2014's CSR report hasn't received the certification of third-party institutions; however, the financial data in the CSR report was from the audited annual report and we regard receiving the certification of our CSR report as a mid-term target.				

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

Catcher already set up the related governance principle and have an internal audit department, and also formulated internal rules to ensure the exercise of good faith in management and the observance of laws and regulations.

Evaluation Item	Implementation Status <sup>†</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p> <p>(2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?</p> <p>(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has set up “Management Procedure for Corporate Social Responsibility”, according to EICC &amp; SA 8000, as the guideline for all the other ethical corporate management policies. The Board of Directors and the management place the greatest importance in adopting the highest standards of integrity and ethics in corporate management and employee work conduct. Related Ethical Corporate Management policies will be included in the Company’s CSR report and website.</p> <p>(2) The company has established management procedures to punish for any violation, and also set up “hotline” to strengthen the implementation. The internal Committee holds the review meeting semi-annually and reports to top management accordingly. The company also establishes effective accounting and internal control systems for the implementation of policies, and to prevent any violation. Suppliers also need to sign this Ethical Agreement to commit not to engage with any bribery, corruption, deception, and all other forms of improper conduct.</p> <p>(3) The Company adopts management procedures and to establish preventive measures against the following:</p> <p>(a) offering and accepting bribes;</p> <p>(b) illegal political donations;</p> <p>(c) improper charitable donations or sponsorship;</p> <p>(d) offering or accepting unreasonable gifts or hospitality, or other inappropriate benefits.</p> <p>The aforementioned principles and related regulations were announced and disseminated to employees, managers and Board of Directors to enhance integrity and self-discipline. At the same time, the Company has internal audit teams and has made a hotline available for suppliers/ employees to prevent</p>	None





Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>business behaviors through the system. After a confidential investigation with 7 days, anyone who violates the regulations on operational integrity will be punished according to the Company’s regulations on reward and punishment.</p> <p>(2) The Company has in place SOPs, relating to the reporting, investigation, filing etc., which could be applied on any confidential investigations on such cases. Those parties in those cases will be fully confidential.</p> <p>(3) The Company takes whistleblower protection seriously since the core purpose is protection from unlawful reprisal for diligent employees who step forward to identify potential wrongdoing. The Company has a dedicated different ways or hotline for whistleblower protection. Any whistleblower who received unfair or unlawful treatment will be well protected and also compensated for the loss.</p>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p>	<p>✓</p>		<p>The Company’s related ethical corporate management principles and the results of our implementation will be posted on the Company’s annual report and eventually on the MOPS. We will also disclose those related information on website, including ethical corporate management, obeying business morale, the commitment of fair competition and CSR report.</p>	None
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. There have been no differences.</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>(a) To implement the basics of ethical corporate management policies, the Company operates under the Company Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE/TPEX-Listed Companies, and other laws and decrees concerning business transactions.</p> <p>(b) The Company has set up the “Rules of Board Meeting” to prevent any interest of conflicts from board members. The board member is only allow to present opinion but not allowed to discuss or vote in those agenda which that board member has interest of conflicts</p> <p>(c) The Company has set up “Management Procedures for Internal Material Information”, which specifies that directors, supervisors, managers, and employees are not allowed to reveal inside information to others or to inquire non-public information that is irrelevant to his/her business scope.</p>				

**(7) How the Information of Company's Corporate Governance Policy can be Obtained in Public.**

None.

**(8) Other Information Provides a Better Understanding of the Company's Corporate Governance Status.**

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

## **(9) Status of Internal Control:**

### **A. Statement of Internal Control:**

#### **Catcher Technology Co., Ltd. Statement of Internal Control**

2016/02/25

The internal control self-assessment of Catcher Technology Co., Ltd. was conducted for the year ended December 31, 2015 based on the Company's internal control system. The results are described as following:

1. Catcher Technology Co., Ltd. acknowledges that the board of directors and the management are responsible for establishing, executing and maintaining an effective internal control system, which has been already set up. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with the applicable laws and regulations.
2. No matter how perfectly designed, the internal control system has its inherent limitations, and it can only provide reasonable assurance of achieving the three goals mentioned above. The effectiveness of the internal control system may subject to changes of environment and circumstances. Catcher has established an internal control system with self-monitoring capabilities, which can undertake corrective actions whenever a deficiency is identified.
3. Catcher evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the governing the establishment of internal control system by public companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) Control Environment, (2) Risk assessment (3) Control activities, (4) Information and Communication, and (5) Monitoring. Each component consists of certain items, which could be referred to the Standards.
4. Catcher Technology Co., Ltd. has evaluated the design and effectiveness of its internal control system according to the aforementioned criteria.
5. Catcher Technology Co., Ltd. believes that the effectiveness of the design and execution of the internal control system (including its subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of the efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable laws and regulations.
6. The Statement of Internal Control will be an integral part of Catcher Technology Co., Ltd. annual report and prospectus and will be made public. Any false statement, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The statement has been passed by the Board of Directors in the meeting held on February 25th, 2016, with none of the seven attending directors expressing dissenting opinions on the content of the Statement.

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



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

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

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

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

## (11) Important Resolutions of Shareholders' and Board Meetings

### A. Shareholders' Meeting

Date	Title	Agenda	Resolution/Execution
2015.06.09	2015 Annual shareholders' meeting	<ul style="list-style-type: none"><li>● To accept 2014 Business Report and Financial Statements (Proposed by the Board of Directors)</li><li>● To approve the proposal for distribution of 2014 profits (Proposed by the Board of Directors)</li><li>● To approve the issuance of new common shares for cash and/or issuance of overseas or domestic convertible bonds (Proposed by the Board of Directors)</li><li>● To amend the Company's "Rules and procedures of shareholders' meeting" (Proposed by the Board of Directors)</li></ul>	All the discussion items were unanimously agreed upon the resolutions by all attending shareholders. All items were executed except for resolution #3 considering the economic conditions

### B. Board Meetings

Date	Agenda	Resolution
2015.01.05	<ul style="list-style-type: none"><li>● To discuss the plan of raising investment amount in Arcadia Technology (Suqian) Co., Ltd in response to the overseas expansion plan</li></ul>	All attending directors unanimously agreed, no other special proposals were proposed. The item were approved by the authorities and under execution.
2015.03.19	<ul style="list-style-type: none"><li>● To discuss the record date of the new common shares conversion from the 2<sup>nd</sup> domestic CBs.</li><li>● To approve 2014 the Company's Financial Statements.</li><li>● To approve 2014 Business Report</li><li>● To approve the proposal for distribution of subsidiaries' retained earnings</li><li>● To approve 2014 Statement of Internal Control.</li><li>● To discuss the Company's "Rules and Procedures of Shareholders' Meeting"</li><li>● To discuss the donations to Catcher Education Foundation</li><li>● To discuss the plan to expand the capacity in Yong Kang Industrial Park</li><li>● To discuss the change of the Certified Public Accountants</li><li>● To discuss the annual audit fees</li><li>● To approve 2015 regular shareholders' meeting date, place, agenda and shareholders' proposal</li></ul>	All attending directors unanimously agreed, no other special proposals were proposed. Except for the donations excluding the Director who may have interest of conflict, the other attending directors unanimously agreed. The approved items are being submitted to AGM and executed or under execution.
2015.04.28	<ul style="list-style-type: none"><li>● To approve 2014 earnings distribution</li><li>● To approve the shareholders' proposal for 2015 regular shareholders' meeting</li><li>● To discuss th plan of issuing new shares or ECBs for raising working capital</li><li>● To discuss the regular evaluation of accounts' independence</li><li>● To discuss the agend of 2015 regular shareholders' meeting</li></ul>	All attending directors unanimously agreed, no other special proposals were proposed. All items were executed except for resolution #3 considering the economic conditions
2015.08.05	<ul style="list-style-type: none"><li>● To discuss the record date for cash dividend.</li><li>● To approve the proposal for distribution of cash bonus of 2014 to managers</li><li>● To approve the distribution of bonus of 2014 to the directors</li></ul>	All attending directors unanimously agreed, no other special proposals were proposed. Approved items were executed

2015.11.06	<ul style="list-style-type: none"> <li>● To discuss the amendment of Articles of Incorporation</li> <li>● To discuss the establishment of the Procedure of Suspension/Resumption of Trading Application</li> <li>● To discuss the establishment of the Enhancement of Capability in Compilation of Financial Statements</li> <li>● To discuss 2015 annual business plan</li> <li>● To discuss 2015 annual audit plan for Catcher and its subsidiaries</li> </ul>	All attending directors unanimously agreed, no other special proposals were proposed. The approved items are being submitted to AGM and executed or under execution.
2015.12.29	<ul style="list-style-type: none"> <li>● To discuss the change of General Manager</li> <li>● To discuss the donation to Catcher Education Foundation</li> </ul>	All attending directors unanimously agreed, no other special proposals were proposed. Except for the change of General Manager excluding the Director who may have interest of conflict, the other attending directors unanimously agreed. The approved items were executed.
2016.02.25	<ul style="list-style-type: none"> <li>● To approve the Company's 2015 Financial Statements</li> <li>● To approve 2015 Business Report</li> <li>● To approve the proposal for distribution of subsidiaries' retained earnings</li> <li>● To increase the capital investment of US\$100mn in Chinese subsidiary Arcadia Technology (Suqian) Co., Ltd for capacity expansion</li> <li>● To increase the capital investment of US\$99mn in Chinese subsidiary Meeca Technology (Taizhou) Co., Ltd for capacity expansion</li> <li>● To discuss the reelection of Directors</li> <li>● To discuss the proposal of releasing the prohibition on newly elected directors from participation in competitive business</li> <li>● To approve 2015 Statement of Internal Control</li> <li>● To discuss the regular evaluation of accounts' independence</li> <li>● To approve 2016 regular shareholders' meeting date, place, and agenda</li> </ul>	All attending directors unanimously agreed, no other special proposals were proposed. The approved items are being submitted to AGM and were executed or under execution.

#### **(12)Directors' or Supervisors' Objections on the Important Resolution of Board Meetings**

None.

#### **(13)Information of Resignation or Dismissal of Persons Related to Financial Reports**

Due to organization adjustment, the present Group Chairman and General Manager, Mr. Shui-Shu Hung, will become the Group Chairman and CEO of Catcher Technology. Current General Manager of Catcher China, Mr. Tien-Szu Hung, will be the new Group General Manager, effective on 2016/01/01.

#### **4. Information on Audit Fees**

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

Name of the accounting Firm	Name of the accountant	Audit period	Note
Deloitte & Touche	Hung Ju Liao, Chun Chi Kung	2015	-

Units: thousand NTD

Item Fee ranges		Audit Fees	Non Audit Fees	Total Fees
1	Less Than 2,000		v	
2	2,000~3,999			
3	4,000~5,999	v		
4	6,000~7,999			
5	8,000~9,999			
6	10,000 or More			

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

Not Applicable.

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

Not Applicable.

#### **5. Replacement of CPA**

The original CPAs of the Company were Hung Ju Liao and Chi Chen Lee from Deloitte & Touche. Due to internal rotation at Deloitte & Touche, the CPAs of the Company were changed to Hung Ju Liao and Chun Chi Kung, beginning January 1, 2015.

#### **6. Information of the Company's Chairperson, Presidents, or Accounting Officers Have Worked in the Accounting Firm of the Appointed Independent Auditors or the Related Parties within the past year.**

None.

## 7. Change in shareholding of Directors, Managers, and Major Shareholders

### (1) Change in Equity Interest

Unit: share

Title	Name	2015		As Of 2016/03/21	
		Change in Equity Interest	Pledge in Equity Interest	Change in Equity Interest	Pledge in Equity Interest
Chairman	Shui-Shu Hung	0	0	0	0
General Manager	Tien-Szu Hung	0	0	0	0
Director	Shui-Sung Hung	0	0	0	0
Director	Ming-Long Wang	0	0	0	0
Independent Director	Mon-Huan Lei	0	0	0	0
Independent Director	I-Shiung Chuang	0	0	0	0
Independent Director	Lih-Chyun Shu	0	0	0	0
Vice President	Kenny Chien	0	0	0	0
Vice President	James Wu	0	0	0	0
Assistant Vice President	Lewis Huang	0	0	0	0
Assistant Vice President	Brian Lee	0	0	0	0
Assistant Vice President	Irene Lin	-18,000	0	0	0
Assistant Vice President	Frank Lee	0	0	0	0
Assistant Vice President	Mei-Hsing Chen	-15,000	0	0	0

### (2) Information on Transfer of Equity Interest

None.

### (3) Information on Pledge of Equity Interest

None.



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

2016/03/21

Name	Personal Shareholding		Shareholdings of spouse/minor children		Total shareholdings held under other names		Related parties defined under the statement of financial accounting standards No. 6 of top 10 largest shareholders'		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Cathay Life Insurance Co., Ltd	41,144,000	5.34%							
Kai-Yi Investment Co., Ltd. Delegate: Shui-Shu Hung	32,208,869	4.18%	-	-	-	-	Chen-Mei Lin/Tien-Szu Hung/Sui-Mei Kuo	Spouse/Second-degree relatives/Second-degree relatives	
	10,704,834	1.39%	19,511,713	2.53%	-	-			
Jia-Wei Investment Co., Ltd. Delegate: Tien-Szu Hung	25,743,885	3.34%	-	-	-	-	Sui-Mei Kuo/Shui-Shu Hung/Chen-Mei Lin	Spouse/Second-degree relatives/Second-degree relatives	
	10,661,889	1.38%	16,369,122	2.12%	-	-			
Citi as directed trustee Government of Singapore Investment Corporation	20,071,211	2.61%	-	-	-	-			
Chen-Mei Lin	18,409,961	2.39%	11,806,586	1.53%	-	-	Shui-Shu Hung/Tien-Szu Hung/Sui-Mei Kuo	Spouse/Second-degree relatives/Second-degree relatives	
JPMorgan Chase Bank N.A. Taipei Branch in custody for T. Rowe Price Emerging Markets Stock Fund	16,530,000	2.15%	-	-	-	-			
Sui-Mei Kuo	15,364,013	1.99%	11,666,998	1.51%	-	-	Tien-Szu Hung/Shui-Shu Hung/Chen-Mei Lin	Spouse/Second-degree relatives/Second-degree relatives	
Old Labor Pension Fund	15,007,500	1.95%	-	-	-	-			
New Labor Pension Fund	12,745,500	1.65%	-	-	-	-			
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	11,417,463	1.48%	-	-	-	-			

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

## 9. Total Percentage of Ownership of Investees

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

## Four 、 Capital and Shares

### 1. Capital and Shares

#### (1) Source of Capital

##### A. Type of Shares

Unit: in thousand shares  
2016/03/21

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

##### B. Historical Information of Capitalization

Unit: in thousand NTD/shares

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

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

2014.8	—	1,000,000	10,000,000	760,494.0	7,604,940	Capitalization in Domestic conversion NT\$88,312K	CB	None	Note 32
2014.11	—	1,000,000	10,000,000	767,423.7	7,674,237	Capitalization in Domestic conversion NT\$69,297K	CB	None	Note 33
2015.3	—	1,000,000	10,000,000	770,391.0	7,703,911	Capitalization in Domestic conversion NT\$2,967K	CB	None	Note 34

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

### C. Information of Shelf Registration System: None

#### (2) Status of Shareholders

Par Value: NT\$10 per share: 2016/03/21

Structure Number	Government Agencies	Financial Institutions	Other Domestic Institutions	Domestic Individuals	Foreign Institutions& Individuals	Total
Numbers of Shareholders	1	26	334	28,165	1,239	29,765
Shareholding (Shares)	3,730,000	50,827,315	142,221,559	175,861,194	397,751,001	770,391,069
Holding Percentage (%)	0.48	6.60%	18.46%	22.83%	51.63%	100%

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

#### (3) Distribution of Common Shares

##### A. Common Stock

Par Value: NT\$10; 2016/03/21

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Holding Percentage%
1-999	7,483	1,689,456	0.22%
1,000-5,000	17,823	32,629,555	4.24%

5,001-10,000	1,802	13,849,868	1.80%
10,001-15,000	616	7,876,671	1.02%
15,001-20,000	384	7,063,739	0.92%
20,001-30,000	348	8,800,193	1.14%
30,001-40,000	185	6,626,343	0.86%
40,001-50,000	155	7,107,610	0.92%
50,001-100,000	310	22,847,068	2.97%
100,001-200,000	255	36,575,602	4.75%
200,001-400,000	176	49,727,603	6.45%
400,001-600,000	62	30,521,884	3.96%
600,001-800,000	37	25,982,075	3.37%
800,001-1,000,000	24	21,241,237	2.76%
Above 1,000,001	105	497,852,165	64.62%
Total	29,765	770,391,069	100.00%

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

#### **B. Preferred Stock**

None.

#### **(4) List of Major Shareholders**

Units: shares, 2016/03/21

Shareholder's Name	Shares	Common Shares	(%) of Shareholding
Cathay Life Insurance Co., Ltd		41,144,000	5.34%
Kai-Yi Investment Co., Ltd.		32,208,869	4.18%
Jia-Wei Investment Co., Ltd.		25,743,885	3.34%
Citi as directed trustee Government of Singapore Investment Corporation		20,071,211	2.61%
Chen Mei Lin		18,409,961	2.39%
JPMorgan Chase Bank N.A. Taipei Branch in custody for T. Rowe Price Emerging Markets Stock Fund		16,530,000	2.15%
Sui Mei Kuo		15,364,013	1.99%
Old Labor Pension Fund		15,007,500	1.95%
New Labor Pension Fund		12,745,500	1.65%
VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS		11,417,463	1.48%

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

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

Unit: in thousand NTD/shares

Item \ Year			2014	2015	As of 2016/03/21
Market Price per Share	Before retroactive adjustment	Highest	312.50	402.00	294.50
		Lowest	188.50	242.50	203.50
	After retroactive adjustment	Highest	312.50	402.00	—
		Lowest	188.50	242.50	—
	Average		253.69	328.18	241.83
Net Worth per Share	Before Distribution		124.48	150.26	(Note 1)
	After Distribution		—	—	(Note 1)
	Note: distributed based on the outstanding shares at the end of the year, and was approved by shareholders' meeting				
Earnings per Share	Before retroactive adjustment	Weighted average shares	760,097	770,391	(Note 1)
		Earnings per shares	23.52	32.61	(Note 1)
	After retroactive adjustment	Weighted average shares	760,097	(Note 1)	(Note 1)
		Earnings per shares	23.52	(Note 1)	(Note 1)
	Note: If there is any stock dividend distribution which should be traced back to adjustment the EPS, the pre-adjusted and adjusted EPS will be stated here.				
Dividend per Share (Note2)	Cash dividends		6.0	(Note 2)	(Note 1)
	Stock dividends	Dividend from retained earnings	0	(Note 2)	(Note 1)
		Dividend from Capital Reserve	—	—	(Note 1)
	Accumulated un-appropriated dividend (Note2)		—	—	(Note 1)
Return on Investment	Before retroactive adjustment	Price/Earning ratio (Note3)	10.84	10.06	(Note 1)
	After retroactive adjustment	Price/Earning ratio (Note3)	10.84	(Note 2)	(Note 1)
	Price/Dividends ratio (Note4)		42.48	(Note 2)	(Note 1)
	Cash dividends yield rate (Note5)		2.35	(Note 2)	(Note 1)

Note1: Up until the printing date, Q1/2016 financial report is not yet available.

Note2: Distributed earnings of 2015 have not yet been approved by shareholders' meeting as at printing date. The related information will be available on Market Observation Post System after the meeting.

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

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

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

## **(6) Dividend policy and Status:**

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

Dividend policy is set forth in the Articles of Incorporation, the distribution priority orders are listed as follows:

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

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

### **B. Proposed Distribution of Dividend:**

Up until the printing date, the Board has not yet approved the employees' compensation and remuneration of directors. Thus, related information will be available on Market Observation Post System when approved.

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

Not Applicable

## **(8) Employee Compensation and Directors' Remuneration:**

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

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

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

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

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

Up until the printing date, the Board has not yet approved the employees' compensation and remuneration of directors. Related information will be available on Market Observation Post System when approved.

### **D. Earning Distribution Information of the 2014 Employee Bonus and Directors' & Supervisors' Remuneration**

The information of approved distribution earning of 2014 are listed as follows:

Unit: NTD; Shares

Details	As approved by the Shareholders' Meeting	As recommended by the Board of Directors	Differences
<b>Distribution Status</b>			
1. Employee bonus			
(1) Stock bonus amount	-	-	None
Stock bonus shares			
Market price per share (ex-right and ex-dividend factors have been considered)	-	-	-
(2) Cash bonus			
	160,892,550	160,892,550	None
2. Remuneration paid to Directors and Supervisors	16,480,311	16,480,311	None

**(9) Share Buy-back History**

None.



## **2. Corporate Bonds**

### **(1) Corporate Bonds:**

None

### **(2) Convertible Bonds' Information**

None

### **3) Exchangeable Bonds Information:**

None

### **(4) Shelf Registration Information of Corporate Bond Issuance:**

None

### **(5) Equity Warrant Bonds Information:**

None

## **3. Preferred Stock:**

None

#### 4. Global Depository Receipts (GDRs)

Date of Issuance			Global Depository Receipts issued in 2011/06/08
Content			
Date of Issuance			2011/06/08
Listing Exchange			Assumed to be issued and traded either at Euro MTF of Burse de Luxembourg or at an international securities trading market which meets the requirements of the major underwriter and Catcher.
Issue Amount			Raising USD 220,028 thousand by issuing 6,700 thousand units of GDR(representing 33,500 thousand common shares )
Listing Price/Unit			USD 32.84 (NTD 189 per common stock share) * at exchange rate of NTD 28.77 to USD 1
Listing Units			6,700,000 Units
Underlying Representing Shares			Issue new common shares.
Number of Total Units and Equivalent Local Shares per Unit			Total units: 6,700,000 units Each unit represents 5 shares of common stock with total issuance of 33,500,000 common shares
Rights and Obligations of GDR holder			The rights and obligations are the same as common stock holders’.
Trustee			None
Depository Bank			JPMorgan Chase Bank
Custodian Bank			Taipei Branch / JPMorgan chase bank
Outstanding Balance (Units)			Up to 2016/03/21, outstanding 1,119,348 units
Issuing Expense and Maintenance Fees			All by the Company
Important Terms and Conditions of Depository Agreement and Custodian Agreement			Please refer to Depository Agreement and Custodian Agreement
Market Price/Unit	2015	Highest	US\$ 63.71
		Lowest	US\$ 37.98
		Average	US\$ 51.59
Market Price/Unit	Up to 2016/3/21	Highest	US\$ 45.54
		Lowest	US\$ 30.54
		Average	US\$ 37.39

#### 5. Employee Stock Option Certificates

None

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

None

#### 7. Financing Plans and Execution Status

##### Content of Project

1. The project was completed but benefits yet to be realized during the past 3 years : None °
- 2.The previous issuance or incomplete Private placement :

## (A) GDR of 2011

### (I) Sources of fund:

- i. Approval of authority : SFC approval # 0990073513, dated Jan. 14, 2011
- ii. Project Amount : NTD 6,330,646 thousand.
- iii. Sources of Fund : To issue 6.7 million GDS (representing 33.5 million common shares), with an offering size of USD 220,028 thousand and the other terms.
- iv. The issuance was completed on June 13, 2011 and the detail of this issuance was released on MOPS .

### (II) The amount of this project and its benefits

- i. Schedule for using of fund :

unit: NTD thousand

Items	Planned Completion Date	Fund needed	2011			
			Q1	Q2	Q3	Q4
China Investment	Q4 2011	3,368,684	0	3,163,079	0	205,605
Foreign material purchasing	Q4 2011	2,961,962	0	230,176	1,898,952	832,834
Total		6,330,646	0	3,393,255	1,898,952	1,038,439

- ii. Expected benefits

- China Investment : To increase capacity & product lines, control the upstream material cost, and strengthen the company's competitiveness in casing and other parts. With the gradually completion of this project, the benefits will be shown accordingly.
- Foreign material purchasing : To reduce the interest expenses, increase profitability, and improve financial structure. Overall, those benefits will help the company's operation and competitiveness.

## Project Status

### (A) GDR of 2011

Catcher had completed the GDR issuance in June 2011. The schedule for spending of this project was slightly behind, due to the delay of this GDR offering. The project was 100% completed in Q4 2011 with total amount NTD 6,330,646 thousand. (NTD 3,368,684 thousand for China investment and NTD 2,961,962 thousand for foreign material purchasing). With the gradually completion of this project, the benefits will also show accordingly.

### (I) The Project status after amendment until Dec.31, 2013

unit: NTD thousand

Items	Status			Remarks
China Investment	Amount	Planned	3,368,684	Completed in Q4 2011.
		Actual	3,368,684	
	%	Planned	100	
		Actual	100	
Foreign Material Purchasing	Amount	Planned	2,961,962	Completed in Q4 2011.
		Actual	2,961,962	
	%	Planned	100	
		Actual	100	
Total	Amount	Planned	6,330,646	Completed in Q4 2011.
		Actual	6,330,646	
	%	Planned	100	
		Actual	100	

(II) Benefits

i. China Investment

The project amount of China Investment was NTD3,368,684 thousand and was completed in Q4 2011. including expenditure in land, buildings, and equipments, was expected to show its benefits in the future as soon as the manufacturing scale, revenues, and profits expand.

ii. Foreign Material Purchasing

The project amount of foreign material purchasing was NTD2,961,962 thousand, mainly spent for the growth material demand in NB, ultrabook, tablet, and smartphone market. It was completed in Q4 2011. This project was expected to save NTD 9,891 thousand interest expenses, based on a long term unsecured borrowing 1.5% interest rate, and will help the company's overall operation and competitiveness.

## Five 、 Overview of the Business Scope

### 1. Description of The Business

#### (1) Major Business

##### A. Major Business:

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

##### B. Major Products and Weights :

Unit : in thousand NTD ; %

Product Item	Net sales in 2015	(%) of Sales
Product Sales	82,392,133	99.97%
Others	21,252	0.03%
Total	82,413,385	100.00%

##### C. Current Products and Services:

- a. Product Sales: Sales and manufacturing of casing, internal components, molds and thermal modules for mobile devices and 3C products, such as notebooks, tablets, mobile phones, MP3 players, Digital cameras, PDA and so on.
- b. Others: Other sales income

##### D. Future Products and Services:

- a. The bonding technology development and manufacture between special Magnesium alloy, AL alloy, stainless steel and other composite material
- b. The technology development of new metal surface treatment.
- c. The new application on 3C products by high performance metal and non-metal.
- d. The bonding technology and application by varied materials.
- e. The technology development, related surface treatment and application of super light weight and thin composite material.
- g. The casing product design and development of superb transmission and low EMI metal, and non-metal composite material.
- h. The environmental painting technology application on metal and composite material casings.

#### (2) Industry Scope

##### A. Current Industry Products & Development:

Trends of portable and 3C products are toward thinner, lighter, and slimmer. In addition to the quality and feelings in products' appearance, consumers are paying more attentions in environmental issues. As a result, metals with recyclable performance have become major material for casing and its internal components for portable and 3C products. Reasons for the popularity of metals include:

- a. More flexibility of alloy metal and more surface treatment technologies.
- b. Metals are stronger and provide higher impact resistance than engineering plastics.
- c. Metals provide better heat dissipation and EMI protection, comparing to engineering plastics.
- d. Metals are abundant materials.
- e. Popularity of environmental protection has resulted in regulations of recycling IT products in many countries.

Table 1 Comparison of structural alloys and engineering plastics

Material	Density (g/cm)	Pull Strength (MPa)	Thermal Conductivity (W/mk)	Thickness Compare (under same resistance)	Thickness Restriction	Anti-electric	Recyclable
Engineering plastics (ABS)	1.07	43	0.28	100	Injection mold above 1mm	Bad	Rarely
Magnesium Alloy (AZ91D)	1.81	240	51.00	33	Die casing: above 0.6mm. Semi-solid state injection: above 0.6mm	Good	Yes
Aluminum Alloy (ADC12)	2.68	295	70	42	-	Good	Yes
Zinc Alloy (ZDC2)	6.60	285	-	-	-	Good	Yes

Source: ITRI (Industrial Technology Research Institute) Material Division

According to MIC's statistics, 2015 sales volume of PC achieved 281 million units, compared with 304 million in 2014, down 7.5% YoY, where we see the decline remain. However, MIC estimates that the PC market to decline slightly by 1.7% YoY to 277mn units in 2016 and another 1.7% YoY to 272mn units in 2017, with PC market becoming mature. In recent years, the trend of game console notebooks als becomes slimmer and lighter, which drives the demand for thermal and metal casing. In addition, the design of notebooks becomes M-type, and thus the design for commercial notebooks is trending higher, which helps the overall notebook market unit stay at around 260-270mn units. Recently, the demand of PC comes from emerging market, instead of developed market. Low price Android tablets and iPad, however, start to replace some of the PC demand in emerging market. In those markets, consumers could purchase smartphones as their first portable communication devices, and tablets as the first computing devices.

Upon the rise of cloud computing services, not only more and more computing tasks started to get into the websites from the device storage, but also, more and more Apps are developed specialized for smartphones and tablets as these software developes see more profitable opportunities from smartphones and tablets compared with notebooks and desktops.

Mobile phones still occupied the largest shares among all portable devices, and were estimated to reach 1.437 billion units globally last year, up 10.4% y-y. The growth came from the lower segment among all the high end mobile phone, and higher segment among the entire low end. According to IDC, the smartphone unit shipmenmt may growth further by 8.8%/8% YoY to 1.563/1.687 billion units in 2016/2017, respectively. Compared with other consumer electronics products, the growth momentum from smartphone remain resilient. We expect that the growth driver for the smartphone market to come from the competition between the various brands and operating systems. Besides, the trend of the smartphones getting larger, slimmer and more fashionable will lead to even stronger demand for the metal casing. Therefore, we see the multi-materials and combination of various manufacturing processes applied in the high-end metal casing will remain be the largest growth driver of the metal casing industry.

Report also states the cannibalization of tablets is going to slow down because consumers or corporate will take the suitable devices to do suitable application. We will found that tablets, detachable, or convertible devices will find their specific demand in different area.

MIC estimated that the global tablet PC unit shipment reached 213mn units in 2015, a 12% YoY decline from 242mn units in 2014. MIC further forecast that the shipment will decline to 191/181mn units in 2016/2017. Despite the larger-size smartphone becoming the mainstream, and replacing part of the demand for small-size tablet PC, the launch of larger-size tablet PC, which specializes in commercial/high-functionality and portability may lead the tablet PC further penetrate into a new market. Relative to notebooks, the requirement of product strength and outlook is even higher for tablet PC and this is estimated to be one of the important product areas for metal casing vendors.

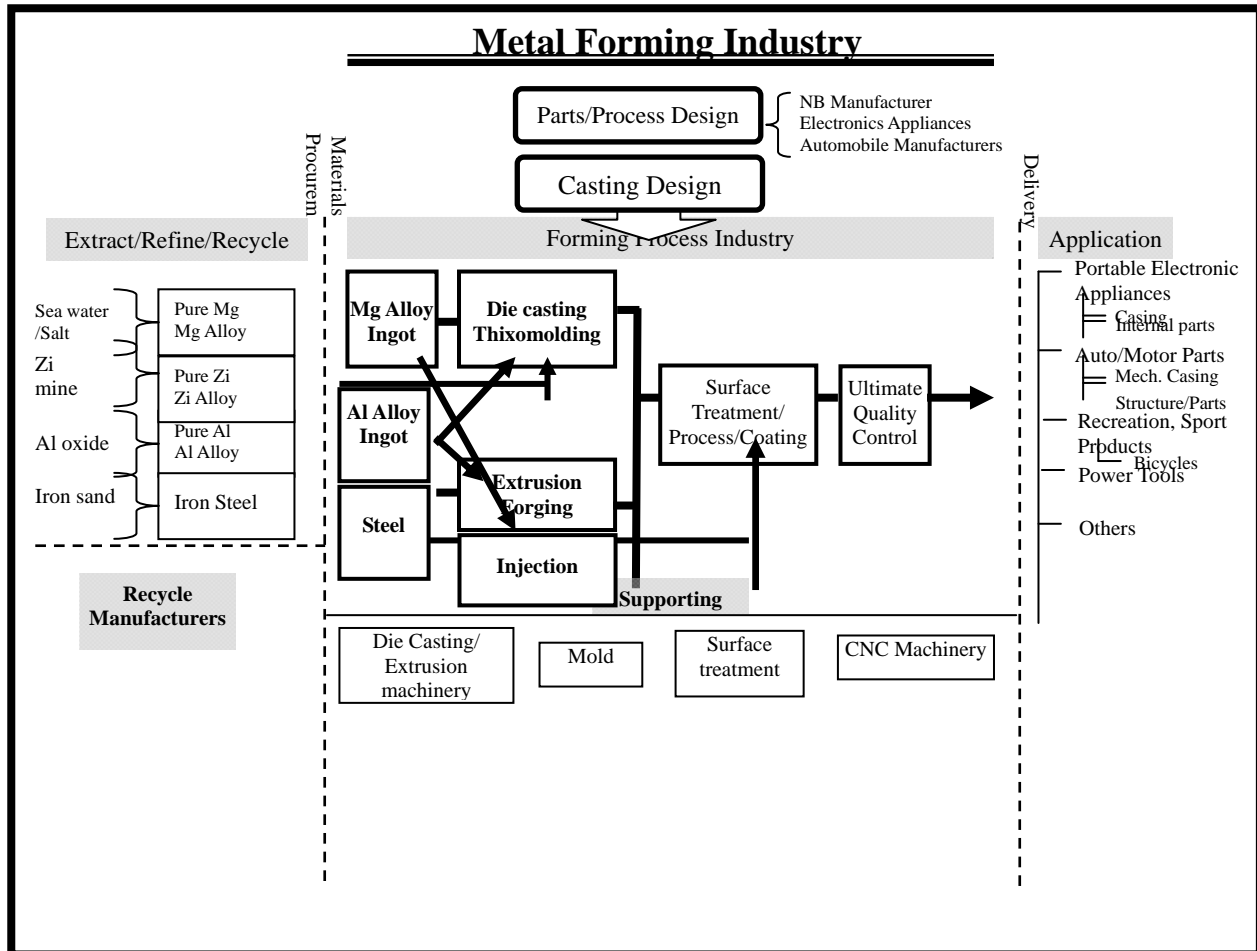
More and more consumers prefer small size products, and that forces the price for 7" high end tablets to decline. Gartner took a survey recently in Brazil, China, France, Germany, Italia, England, US, and Japan shows the long time assumption: small is better for consumer model tablets. The survey also

said most of the tablets are ranging between 8.3"-9.5" in screen size. Among 21,500 consumers under this research, 47% of them possess 8" or even smaller size tablets.

The trend of Ultramobile will continue to develop in mobile phones, tablets, and NBs. That will also drive the demand for metal parts and the requirement for strength. The demand of hybrid unibody made by metal parts and high level composite materials is getting clear as well. We expect those demand will be our main growth drivers in the future.

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

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



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

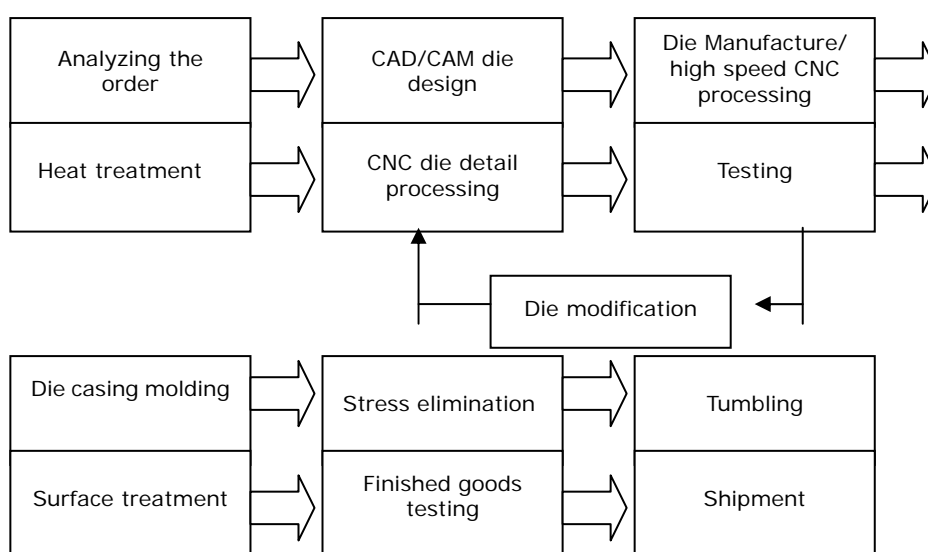
### (a) Metal Alloy Upstream

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

### (b) Metal Alloy Midstream

Metal alloy midstream is mainly responsible for metal mold manufacturing, shape machining, and surface treatment. The major suppliers include Catcher, Foxconn, Wafer, Casetek, Ju-Teng, BYD and Silitech. Die-casting industry wholesalers receive downstream

consumer orders, and produce metal alloy merchandises. The manufacturing flow chart is illustrated as below:



### (c) Metal Alloy downstream

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

## C. Competition Status

Major Competitors:

Company	Main business scope	Major items	Note
Catcher Technology Co. Ltd.	Manufacture and sales of mold and metal casing products; Surface treatment.	Metal casing and other 3C components	Public traded company
Casetek	Design, research, and production of consumer electronic parts	Aluminum alloy components	Public traded company
Waffer Technology Co., Ltd.	Sales and manufacture of plastic and metal products, Mg alloy products, mental surface treatment technology, and electronics components.	Mg casing and other 3C components	Public traded company
Foxconn Technology Co., Ltd.	Manufacture and sales of monitor and electronics components	Mg casing and other 3C components	Public traded company
Silitech Technology Co., Ltd	Manufacture and sales of rubber dial, rubber roller and cellular phone module and rubber dial on car	Mg casing and other 3C components	Public traded company
Ju Teng International	Mold development, plastic injection, metal stamping, die-casting/thixo-molding, CNC machining, composite casing, surface coating and assembly.	Mg alloy and aluminum alloy casing and other 3C components	Public traded company
BYD Electronics	Provider of handset components and modules manufacturing and assembly services.	Aluminum alloy components	Public traded company

## (3) Research & Development Achievements and Plans:

### A. Research and Development Expenditures:



Year	2015 (consolidated)
R&D expenditures	NT\$ 1,652,959 thousand

## B. Successful Development in Technologies and Products:

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

- High strength 0.4mm glass fiber unibody composite casing.
- High strength carbon fiber unibody casing.
- Dual surface treatment and dual color AL alloy anodized casing.
- High strength AL alloy and composite material unibody casing for narrow bezel display.
- Light, thin, and high strength AL alloy 2-in-1 unibody tablet casing.
- Advanced vacuum sputtering and multi-color unibody products.
- Anodized AL alloy with special surface color
- New antenna and sensed magnetic effect unibody casing.
- Carbon fiber composite material unibody products with antenna solution.

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

For short term planning, the 3C products are getting more diversified. In addition to the stable demand from NBs, the market demand of smartphones and tablets is also increasing. The trend toward multi-functional, thinner, lighter, and stylish design has made metal casing much popular, and drove the growth for metal casing sector. Therefore, Catcher is going to increase its allocation, product categories, value-add, customers, enabling this company to pursue growth.

For the long term, Catcher will keep its leading advantage to maintain its market share. We will also develop any other materials, components or technologies to provide more materials, products and serve more customers. We will continuously evaluate any possibilities of building new factory or capacities. In addition to cultivating and stabilizing existing market and clients, Catcher devotes itself in developing and researching new substitutes and manufacture processes in a hope to stay ahead of competition. Besides, in the needs of manufacturing capacity allocation and strategic planning, the Company has added new production sites and expands capacity aggressively. We will continue to evaluate the necessity of future expansion or new production sites. The Company manages to keep the commitment of technology innovation and customer-oriented service while with a vision of sustainable operation. Catcher targets to outgrow the industry's average.

## 2. Market and Sales Conditions

### (1) Market Analysis:

#### A. Major Sales Regions:

Unit : in thousand NTD ; %

Area \ Year		2015		2014	
		Net Sales	%	Net Sales	%
Domestic		4,030,880	4.89%	3,772,099	6.82%
Export	Asia	50,098,463	60.79%	43,056,390	77.89%
	America	27,654,079	33.56%	7,377,428	13.35%
	Europe	629,963	0.76%	1,071,448	1.94%
	Others	0	0.00%	0	0.00%
Export subtotal		78,382,505	95.11%	51,505,266	93.18%
Total		82,413,385	100.00%	55,277,365	100.00%

## **B. Market Share:**

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

During the financial crisis, the economic was turning down, and the consumer NB with cost down solution – plastic casing is the main factor for the growth; therefore slowing down the demand from metal casing and corporate models. However, with the gradual economy recovery, most of companies will replace their Notebooks with the main stream products adopting metal casings. That benefits all the casing vendors, including Catcher. In addition, smartphone market is still in the growth stage, and most of the high end products adopt metal casing, which also benefit Catcher.

According to research report, the CAGR for metal casing sector is 14.6% from 2013-2015. Therefore, Catcher will take this index as the target and will aim at outpacing this target. In 2015, Catcher's sales revenue reached NTD 82.4 billion, up nearly 50% from 55.3 billion in 2014. We had actually reached the target.

## **C. Future Market Supply, Demand, and Growth Potential**

For mobile phone market in 2015, research reports states the Notebook shipments of 2015 were down 6.2% y-y to 161 million due to the replacement by smartphone and tablet PC. As for 2016, it will further down to 155 million units. Metal casing has the advantage of being light, robust, durable, better heat dissipation, better EMI, and recyclable. In addition to the stable commercial NB sector, we see brand customers increase the adoption rate of metal casing because of the lighter and thinner design trend. Some of them even switch toward higher end metal casing design. Therefore, Notebooks business is still a stable market for metal casing vendors.

On mobile phones side, research reports indicates that the smartphone shipment reached 1.433 billion, up 10.1% y-y. With the increasing penetration of 3G/4G, high adoption of internet, cheaper processor cost, and improved computing speed, the smartphone shipments of 2016 is estimated to reach 1.563 billion units.

From products point of view, it is a clear design trend of using larger size display, and being lighter and thinner. Compared with plastic, metal casing becomes a necessary functional parts which can provide lighter, thinner, narrow edge, and more robust protection. Together with the progress on surface treatment technologies, metal casing provides metallic color and feeling to attract end customers. High end market segment is still the most important sector to generate profits, and more and more brands are penetrating into this market, causing higher demand for metal casing.

On top of smartphone's fast growth, tablet PC also contributed to metal casing industry a lot. With the growth of Apple's iPad, many other brands also look into this market. Street reports show the shipment of Tablet PC in 2015 was around 213 million units, compared with 242 million in 2014, down by 12% and it's estimated to be down to 191mn units in 2016 due to cannibalization of large-size smartphones. The mobile devices obviously require stronger protection, like tablet PCs. High end brand still request metal casing and it should remain one of the key products for metal casing sector.

As the trend toward smart devices, portable products has expanded to smart watch, phone watch, and even image wearable devices. Wearables not only have four major applications, including entertainment, fitness, medical care, and industrial/ military use, but also become more versatile by adopting sensors and APPs. It shows the identity of users. Metal casing will be the main source of wearable devices in the long term, and creates another growth driver for metal casing sector.

With the fashionable design of mobile phone, NB, tablet, wearable devices and the other consumer electronic products, the precision the manufacture and surface treatment technologies can realize the concept of product design. Because of the structure and design of the metal casing, the requirement of customized and mass production capacity is important. However, there are few manufacturers with both diversified manufacture processes and advanced technology. Catcher has become few of metal casing and internal components manufacturers in Taiwan that are able to meet customers' expectations in quality, yield, mass production capability, customization, and innovative design ability. Catcher eyes

on the future growth of metal parts, along with our leading technologies, mass production capabilities, and products, and will continuously expand capacity and develop new customers/products to achieve the growth target.

## **D. Competitive Advantages**

The company focuses on the manufacture of metal casing (Al, Mg, Zn, Stainless Steel...), composite materials, and internal frame. It include the process of Die Casting, Extrusion, Forging, Stamping, CNC machining, Anodizing and many kinds of surface treatment technology. These technologies can be adopted in NB, mobile phone, Tablet, MP3 player and all the other 3C products. Catcher is one of the few metal casing and internal components manufacturers that are able to meet customers' expectations in quality, yield, mass production capability, customization, and innovative design ability. The following strengths contribute to Catcher's achievements aforementioned :

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

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

Since many of our main customers' headquarter are located in northern Taiwan, we also set up our operating center in Taipei. The operating center has been officially opened in March 2010. In the future, we will be able to serve our customers and recruit manpower for R&D, sales, finance, and marketing. We are also able to strengthen our relationship with financial institutes and investors' relationship. In addition, this office is also aim at attracting more talents.

## **E. Positive and Negative Factors Relating to Future Development**

### **a. Favorable Factors**

#### **➤ Wider metal casing application and optimistic industry outlook**

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

#### **➤ Downstream Applications and Diversified & Stable Customer Base**

Due to the boosting of Internet and multimedia, the market of mobile devices and 3C products is booming up. In addition, the effort in the information industry from private sectors and government being more than a decade, a completed and well-operating supply chain

was established. As a result, the market shares of many kinds of 3C products in Taiwan achieve No.1 around the world. Catcher is one of few suppliers qualified in quality, yield rate, and capacity. The company already cooperated with brand companies and ODMs for many years. Because of the rapid growth of the smartphone in recent years, the Company also has cooperation with smartphone, mobile devices brand companies. The diversified and stable customers' base is the important factors for the sustainable development.

➤ **High Entry Barrier in the metal casing industry**

As per the technology progress of notebooks, smartphones, tablet PCs, MP3, digital cameras and the other consumer products, the demands for those products are also growing quickly. However, due to the highly customized structure and design, the key technologies, the ability to make the mold and tooling, and the variety of surface treatment technology require abundant mass production experience to improve the yield rate of products and processes. In recent years, more and more notebook and smartphones adopt Unibody design of aluminum metal casing, the extensive uses of extrusion and CNC machining is able to make more creative design of casing outlook. Meanwhile, there also build up high entry barriers of capital and technology in the metal casing manufacturing industry. In addition to a lot of machines and equipments, there are still complicated secondary operating and surface treatment process, which cannot be replaced by automatic robots or machines. It is not an easy thing to maintain long-term profitable operations if the company did not optimize the use of limited manpower and resources, and control the cost.

The life cycle of 3C products is getting shorter; the Company needs to have R & D ability and makes mass production within a short period in order to grasp the market momentum. The new manufacturers have to spend huge initial investment for equipments and face the insufficient technical experience. Thus, it is not easy for them to improve the yield rate of products and processes in short term, and it will take for quite long time to achieve breakeven. There might be the potential threat in medium-and long-term, but it is not simple thing to catch up with the Company in short-term. The Company already entered in this industry for quite a long time, and had solid R&D team and experience for delivery and quality. All above competitive advantages can make the company become outstanding in the severe competition.

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

➤ **Research and Development Specialty**

Considering 3C products' characteristics as complicated in design and ever changing in research development, high quality requirement becomes the competitive advantage for the components manufacturers. The Company has excellent management team in this related field and strong R&D team for backing-up. Back to 1990's, the Company realized the importance of Mg alloy materials, and embarked the research since ever. With this accomplishment, the Company becomes the first mass production manufacturer in Taiwan for Mg alloy casing used for NBs. In recent years, the Company also actively makes efforts in research and development for new technologies, new processes, and new materials. Besides, we standardize our products into module, and it is recognized by the world's most prestigious companies, which represents that the technology skill experience of the Company achieves the worldwide standard. The Company will continue to invest in research based on past achievement and enhance employee quality to maintain the competitive advantages in innovation and new product development faster than other competitors.

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

We position ourselves as a one-stop-shopping service for metal technology and components manufacturing. We have developed vertically integrated manufacturing capabilities from design to manufacturing and logistics covering modeling design, multi-forming, CNC machining, variety of surface treatment, powder coating/painting and assembly, which enables the fast time-to-market capability, and quality assurance to meet global brand name clients' need. In addition to the development of special process and technology, the company's existing comprehensive manufacturing matrix enables the

company to become one of the few metal casing manufactures with good quality, yield rate, production capacity and customized and innovative design, and all of these can achieve customer's requirements.

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

## **b. Negative Factors**

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

After the financial crisis, the economy does not totally recover in recent years. Moreover, European sovereign debt crisis made the global economy in the uncertainty again and the demand for the 3C products was unstable. In addition, China economy growth has entered into a so called " New Normal" stage. The electronics products technology is advancing, given shorter products life cycle, resulting in margin contraction. In the view of potential metal casing growth, there are a handful of new entrants stepped into this industry. Those companies, who originally focus on stamping, plastic molding, stainless steel manufacture, molding and assembly, would like to make premium metal casing as well. Due to the severe competition, the Company may have some potential operating pressure in the following years.

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

#### **■ Action Plans**

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

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

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

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

#### **■ Action Plans**

- i. Given the current economics scale, we are putting efforts on product and process

designs, automation, and efficiency improvement, to lower cost and improve quality.

- ii. To adopt the design of “Stamping + Mg Die Casting Frame” or “Stamping + Plastic Internal Frame”, and focus more on value-added surface treatment.
- iii. The major competitive factors in casing industry are mold development and surface treatment technology. Recently, most of domestic NB manufacturing companies strategically coordinated with casing manufacture companies, but most of them make plastic casing rather than metal one. Compared with plastic casing, the requirement for capital and technology know-how are important for metal casing manufacturing, and the yield rate cannot be improved easily in short-term. It may take quite a long time to achieve breakeven. Although there are some new competitors and they will become potential threat in the medium and long term, the Company still have the advantage of technology and quality.

➤ **Increase of Entry Level Smartphone.**

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

■ **Action Plans**

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

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

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

■ **Action Plans**

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

➤ **Potential Substitute Materials**

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

■ **Action Plans**

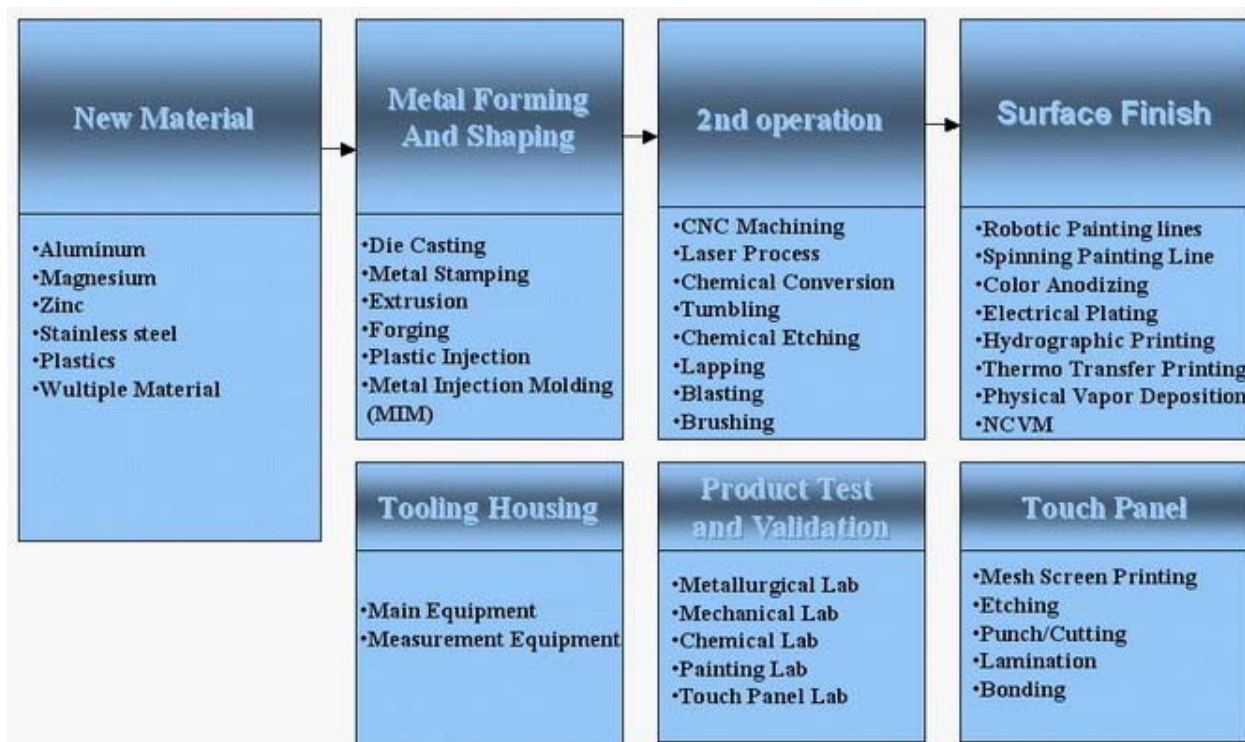
- i. Catcher focuses on R&D and continues to dedicate on developing new potential substitutes. Recently, besides magnesium alloy and aluminum alloy, the Company begins to provide all kinds of metal alloy, such as zinc alloy, stainless steel, carbon fiber, and glass fiber. The Company also aggressively extended special process and technology to accommodate into existing technique, creating a “comprehensive manufacturing matrix”. Thus, the Company provides injection, extrusion, forging as well as die-casting, and all kinds of surface treatments on metal alloy products, such as anode, PVD. Catcher will provide better quality and service diversely, enlarge the differentiation between metal and non-metal, and keep improving competence.
- ii. Catcher’s R&D team puts efforts on the exploitation and development of new material, and on the upgrading and development of non-metal material. In addition to metal casing, the Company starts to develop plastic casing and composite materials as well. We saw a remarkable growth in 2013. We are looking forward to providing customers with one-stop shopping and grow together to reach the goal of win-win situation.

## (2) Usage and manufacture Processing in Main Products:

### A. Usage in Main Products:

Catcher’s main products include the casing and internal components for mobile devices and 3C products. These products are used to protect the body, LCD Panel and components, to dissipate heat, to provide protection from shock, and to prevent EMI.

### B. Major Product Technology Process :



## (3) Supply situation for the major raw materials

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

#### (4) Major Vendors and Customers

##### A. Major Customers

Unit: in thousand NTD; %

2015					2014			
Item	Supplier	Amount	[ % ]	Related party	Supplier	Amount	[ % ]	Related party
1	G	27,616,363	33.51%	No	R	11,036,129	19.97%	No
2	O	16,868,433	20.47%	No	C	10,278,774	18.59%	No
3	C	12,860,005	15.60%	No	G	7,779,252	14.07%	No
					Q	6,812,000	12.32%	No
	Others	25,068,584	30.42%		Others	19,371,210	35.05%	
	Net Sales	82,413,385	100.00%		Net Sales	55,277,365	100.00%	

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

##### B. Major Vendors

Unit: in thousand NTD; %

2015					2014			
Item	Supplier	Amount	[ % ]	Related party	Supplier	Amount	[ % ]	Related party
-	-	-	-	-	-	-	-	-

Note: There were no individual vendor with more than 10% of total purchases in 2015 and 2014

#### (5) Production Figures

Unit: in thousand NTD ; Thousand pieces

Value / Products		2015			2014		
		Capacity	Quantity	Amount	PCapacity	Quantity	Amount
Product Sales		85,768	78,049	44,259,679	69,188	60,885	29,168,739
Others		0	0	7,150	0	0	7,278
Total		85,768	78,049	44,266,829	69,188	60,885	29,176,017

#### (6) Sales Figures

Unit: in thousand NTD ; Thousand pieces

Value / Products		2015				2014			
		Domestic		Export		Domestic		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Product Sales		6,831	4,009,628	71,218	78,382,505	8,179	3,751,959	52,706	51,505,266
Rental Sales		0	21,252	0	0	0	20,140	0	0
Net Sales		6,831	4,030,880	71,218	78,382,505	8,179	3,772,099	52,706	51,505,266



### 3. Employee Analysis

Catcher Technology Co., Ltd. Employee Analysis				
Year		2014	2015	As of 2016/2/29
Employees				
Numbers of Employees	Direct Labors	1851	2009	1941
	Indirect Labors	1400	1626	1633
	Total	3251	3635	3574
Average Age		30.56	30.48	30.73
Average Years of Employment		2.73	2.9	3.07
Level of Education (%)	Ph.D.	0.28	0.25	0.22
	Masters Degree	6.47	6.69	6.58
	Bachelors/Associate Degree	31.42	30.37	30.64
	High School	29.01	24.65	25.18
	Others	32.82	38.05	37.38

### 4. Environmental Protection Information

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

None.

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

The Company complies with all related regulations of the governmental concerns and standards. We have certified vendors to process our factory wastes. We also reinforce in waste recovering and recycling process, improve the efficiency in the exhaust gas processing, control the Company's working area electricity's consumption. We have special personnel to handle waste water and residues and take in charge in maintaining environmental protection equipments. There are no expected material expenditures for the environmental issues so far.

### 5. Labor Relations:

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

A. Employee benefit plans are as follows:

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

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

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

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

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

A. Catcher has maintained a good relationship with our employees, and there is no loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report. Catcher also estimates that no losses will be incurred in the future due to the labor disputes.

B. Mitigation measures being or to be taken: None

## 6. Major Agreements

Contract Type	Name of the Company	Contract Period	Major Content	Limitations
Lease	Taiwan Sugar Co., Ltd.	2000.4.20   2050.4.19	Land rental	The agreement will be terminated or cancelled if violate relative regulations or land pledged without agree written by the landlord.
Contract to purchase Catcher Technology (Suzhou)'s land, plants, dorms, partial equipment	Land Reserve Center of Suzhou Industrial Park	2014.11.28   2015.11.27	Land and Factory Purchase	None
Contract for Transfer of the Right to the Use of Land-Topo Technology (Suzhou) Co., Ltd (Factory)	China-Singapore Suzhou Industrial Park Development Co.Ltd	2005.01.12   2055.01.11	Transfer of the right to the use of land	None
Contract for Transfer of the Right to the Use of Land-Topo Technology (Suzhou) Co., Ltd (Dorm)	Bureau of Land Resources and Housing Management-Suzhou Industrial Park	2004.08.03   2054.08.02	Transfer of the right to the use of land	None
Contract for Transfer of the Right to the Use of Land-Meeca Technology (Suzhou) Co., Ltd (Factory)	China-Singapore Suzhou Industrial Park Development Co.Ltd	2006.04.30   2056.04.29	Transfer of the right to the use of land	None
Contract for Transfer of the Right to the Use of Land-Meeca Technology (Suzhou) Co., Ltd (Dorm)	Bureau of Land Resources and Housing Management-Suzhou Industrial Park	2006.08.23   2056.08.22	Transfer of the right to the use of land	None

Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2008.12.12   2058.12.11	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2010.01.05   2060.01.04	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2012.07.24   2062.07.23	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Vito Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2012.08.24   2062.08.23	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Vito Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2014.04.19   2064.04.18	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Vito Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2014.12.15   2064.12.14	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Arcadia Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management	2015.01.15   2065.01.14	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land	Bureau of Land Resources and Housing Management	2015.01.15   2065.01.14	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land	Bureau of Land Resources and Housing Management	2015.03.24   2065.03.23	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Topo	Bureau of Land Resources and Housing Management-Taizhou	2013.02.14   2063.02.13	Transfer of the right to the use of National-owned construction land	None

Technology (Taizhou) Co., Ltd				
Contract for Transfer of the Right to the Use of Land-Topo Technology (Taizhou) Co., Ltd	Bureau of Land Resources and Housing Management-Taizhou	2014.07.14   2064.07.13	Transfer of the right to the use of National-owned construction land	None

## Six 、 Overview of the Financial Status

### 1. Abbreviated Balance Sheets and Income Statements -IFRS

#### (1) Abbreviated Consolidated Balance Sheet -IFRS

Unit : In thousand NTD

Item \ Year	Past Five Fiscal Year (Note1)					As of 2016/03/21
	2015	2014	2013	2012	2011	(Note 3)
Current Assets	103,551,236	79,877,672	65,346,656	66,559,666		—
Property, Plant and Equipment	58,737,606	45,405,426	34,903,140	30,814,857		—
Intangible Assets	141,521	146,369	102,555	78,969		—
Other Assets	9,149,309	11,535,237	5,026,685	3,906,084		—
Total Assets	171,579,672	136,964,704	105,379,036	101,359,576	Not	—
Current Liabilities	Before Distribution	44,873,539	32,180,086	31,574,568	36,791,877	—
	After Distribution	44,873,539	36,802,432	35,334,834	41,296,096	—
Long-term Liabilities	10,740,671	8,695,459	124,362	2,979,324		—
Total Liabilities	Before Distribution	55,614,210	40,875,545	31,698,930	39,771,201	—
	After Distribution	55,614,210	45,497,891	35,459,196	44,275,420	Applicable
Equity attributed to parent company's shareholders	115,762,580	95,897,663	73,509,487	61,409,619		
Capital	7,703,911	7,703,911	7,507,031	7,507,031		—
Capital reserve	20,274,286	20,276,071	16,974,456	16,924,117		—
Retained earnings	Before Distribution	82,827,439	62,330,904	48,216,767	38,917,729	—
	After Distribution	82,827,439	57,708,558	44,456,501	34,413,510	—
Other equity	4,956,944	5,586,777	811,233	-1,939,258		—
Treasury stock	0	0	0	0		—
Minority equity	202,882	191,496	170,619	178,756		—
Total Equity Total Equity	Before Distribution After Distribution	115,965,462	96,089,159	73,680,106	61,588,375	—
	Before Distribution	115,965,462	91,466,813	69,919,840	57,084,156	—

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

Note 2: Because 2016 shareholders' meeting has not yet been convened, the amount after distribution in 2015 represents the same as the amount before distribution.

Note 3: Up until the printing date, Q1/2016 financial report is not yet available.

## (2)Abbreviated Parent Company Balance Sheet -IFRS

Item \ Year		Past Five Fiscal Year (Note1)					As of 2016/03/21
		2015	2014	2013	2012	2011	(Note 3)
Current Assets		58,234,017	21,821,968	16,547,660	10,995,991		—
Property, Plant and Equipment		5,804,281	6,023,585	5,893,366	6,086,548		—
Intangible Assets		4,829	6,229	11,625	6,524		—
Other Assets		103,342,337	88,251,251	69,344,402	56,659,699		—
Total Assets		167,385,464	116,103,033	91,797,053	73,748,762	Not	—
Current Liabilities	Before Distribution	48,064,998	20,010,906	18,165,528	11,231,743		—
	After Distribution	48,064,998	24,633,252	21,925,794	15,735,962		—
Long-term Liabilities		3,557,886	194,464	122,038	1,107,400		—
Total Liabilities	Before Distribution	51,622,884	20,205,370	18,287,566	12,339,143		—
	After Distribution	51,622,884	24,827,716	22,047,832	16,843,362	Applicable	—
Equity attributed to parent company's shareholders		115,762,580	95,897,663	73,509,487	61,409,619		
Capital		7,703,911	7,703,911	7,507,031	7,507,031		—
Capital reserve		20,274,286	20,276,071	16,974,456	16,924,117		—
Retained earnings	Before Distribution	82,827,439	62,330,904	48,216,767	38,917,729		—
	After Distribution	82,827,439	57,708,558	44,456,501	34,413,510		—
Other equity		4,956,944	5,586,777	811,233	-1,939,258		—
Treasury stock		0	0	0	0		—
Minority equity		0	0	0	0		—
Total Equity Total Equity	Before Distribution After Distribution	115,762,580	95,897,663	73,509,487	61,409,619		—
	Before Distribution	115,762,580	91,275,317	69,749,221	56,905,400		—

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

Note 2: Because 2016 shareholders' meeting has not yet been convened, the amount after distribution in 2015 represents the same as the amount before distribution.

Note 3: Up until the printing date, Q1/2016 financial report is not yet available.

### (3) Abbreviated Consolidated Income Statement -IFRS

Unit : in thousand NTD (EPS: NTD)

Item \ Year	Past Five Fiscal Year (Note1)					As at 2016/03/21
	2015	2014	2013	2012	2011	
Net Operating Revenues	82,413,385	55,277,365	43,245,550	37,028,798		(Note 3)
Gross Profit	38,146,556	26,101,348	18,320,726	16,043,907		—
Operating Income (Loss)	29,425,687	20,024,925	13,915,661	12,160,421		—
Net Non-operating Income (expenses)	5,271,311	3,519,678	3,612,614	1,783,562		—
Income (loss) Before Tax From Continuing Operations	34,696,998	23,544,603	17,528,275	13,943,983		—
Income (loss) From Continuing Operations	25,181,351	17,887,757	13,817,120	10,829,958		—
Income (loss) From Discontinued Operations	—	—	—	—	Not	—
Net Profit (loss)	25,181,351	17,887,757	13,817,120	10,829,958		—
Other Comprehensive Income (loss)	-680,917	4,783,066	2,760,864	-1,960,710		—
Total Comprehensive Income (loss)	24,500,434	22,670,823	16,577,984	8,869,248		—
Net Profit attributed to Parent Company's shareholders	25,120,856	17,877,167	13,801,184	10,811,975		—
Net Profit attributed to minority	60,495	10,590	15,936	17,983	Applicable	—
Comprehensive Income attributed to Parent Company's shareholders	24,489,048	22,649,946	16,553,748	8,858,404		—
Comprehensive Income attributed to minority	11,386	20,877	24,236	10,844		—
Earnings Per Share (Note 2)	32.61	23.52	18.38	14.40		—

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

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

Note 3: Up until the printing date, Q1/2016 financial report is not yet available.

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

Item \ Year	Past Five Fiscal Year (Note1)					As at 2016/03/21
	2015	2014	2013	2012	2011	
Net Operating Revenues	60,170,232	14,880,243	22,228,284	11,743,036		(Note 3)
Gross Profit	6,880,773	4,446,051	2,429,922	3,006,961		—
Operating Income (Loss)	5,773,045	3,864,901	1,953,420	2,463,777		—
Net Non-operating Income (expenses)	21,748,436	15,654,274	12,745,508	9,375,413		—
Income (loss) Before Tax From Continuing Operations	27,521,481	19,519,175	14,698,928	11,839,190		—
Income (loss) From Continuing Operations	25,120,856	17,877,167	13,801,184	10,811,975		—
Income (loss) From Discontinued Operations	—	—	—	—	Not	—
Net Profit (loss)	25,120,856	17,877,167	13,801,184	10,811,975		—
Other Comprehensive Income (loss)	-631,808	4,772,779	2,752,564	-1,953,571		—
Total Comprehensive Income (loss)	24,489,048	22,649,946	16,553,748	8,858,404		—
Net Profit attributed to Parent Company's shareholders	—	—	—	—		—
Net Profit attributed to minority	—	—	—	—	Applicable	—
Comprehensive Income attributed to Parent Company's shareholders	—	—	—	—		—
Comprehensive Income attributed to minority	—	—	—	—		—
Earnings Per Share (Note 2)	32.61	23.52	18.38	14.40		—

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

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

Note 3: Up until the printing date, Q1/2016 financial report is not yet available.



## 2. Abbreviated Balance Sheets and Income Statements –TW GAAP

### (1) Abbreviated Parent Company's Balance Sheet –TW GAAP

Item \ Year		Past Five Fiscal Year (Note1)				
		2015	2014	2013	2012	2011
Current Assets					11,015,029	12,869,507
Funds and Investments					55,901,800	48,150,506
Property, Plant and Equipment					5,889,284	4,951,078
Intangible Assets					7,928	9,009
Other Assets		Not	Not	Not	542,374	558,512
Total Assets					73,356,415	66,538,612
Current Liabilities	Before Distribution				11,211,842	5,565,540
	After Distribution				15,716,061	9,322,121
Long-term Liabilities					1,000,000	5,048,489
Other Liabilities					113,315	113,064
Total Liabilities	Before Distribution				12,325,157	10,727,093
	After Distribution				16,829,376	14,483,674
Capital					7,507,031	7,506,394
Capital reserve		Applicable	Applicable	Applicable	16,932,463	16,924,672
Retained earnings	Before Distribution				36,151,184	29,014,195
	After Distribution				31,646,965	25,257,614
Unrealized Gain or Loss on Financial Instruments					35,356	-11,644
Cumulative Translation Adjustments					394,205	2,366,833
Unrecognized Pension Cost					0	0
Total Equity Total Equity	Before Distribution After Distribution				61,031,258	55,811,519
	Before Distribution				56,527,039	52,054,938

### (2) Abbreviated Consolidated Balance Sheet –TW GAAP

Year \ Item		Past Five Fiscal Year (Note1)				
		2015	2014	2013	2012	2011
Current Assets					66,632,714	57,994,815
Funds and Investments					1,718,384	1,424,570
Property, Plant and Equipment					30,998,040	28,408,240
Intangible Assets					697,916	429,991
Other Assets		Not	Not	Not	878,789	1,020,691

Total Assets					100,925,843	89,278,307
Current Liabilities	Before Distribution				36,741,374	25,750,911
	After Distribution				41,245,593	29,507,492
Long-term Liabilities					2,862,875	7,412,574
Other Liabilities					111,479	109,987
Total Liabilities	Before Distribution				39,715,728	33,273,472
	After Distribution				44,219,947	37,030,053
Capital					7,507,031	7,506,394
Capital reserve		Applicable	Applicable	Applicable	16,932,463	16,924,672
Retained earnings	Before Distribution				36,151,184	29,014,195
	After Distribution				31,646,965	25,257,614
Unrealized Gain or Loss on Financial Instruments					35,356	-11,644
Cumulative Translation Adjustments					394,205	2,366,833
Unrecognized Pension Cost					0	0
Total Equity Total Equity	Before Distribution After Distribution				61,210,115	56,004,835
	Before Distribution				56,705,896	52,248,254

### (3) Abbreviated Parent Company's Income Statement –TW GAAP

Item \ Year	Past Five Fiscal Year (Note1)				
	2015	2014	2013	2012	2011
Net Operating Revenues				11,743,036	16,573,620
Gross Profit				3,008,899	4,272,479
Operating Income (Loss)	Not	Not	Not	2,467,337	3,900,372
Non-operating Income				9,820,401	7,685,020
Non-operating expenses				369,973	246,752
Income (loss) Before Tax From Continuing Operations				11,917,765	11,338,540
Income (loss) From Continuing Operations				10,890,485	10,677,233
Income (loss) From Discontinued Operations				—	—
Extraordinary Items	Applicable	Applicable	Applicable	—	—
Cumulative Effect of Change in Accounting Principle				—	—
Net income				10,890,485	10,677,233

Earnings Per Share (Note 2)				14.51	14.93
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**(4) Abbreviated Consolidated Income Statement –TW GAAP**

Year Item	Past Five Fiscal Year (Note1)				
	2015	2014	2013	2012	2011
Net Operating Revenues				37,028,798	35,913,842
Gross Profit				16,039,025	16,890,826
Operating Income (Loss)	Not	Not	Not	12,158,274	13,213,277
Non-operating Income				2,137,556	1,082,156
Non-operating expenses				344,745	590,285
Income (loss) Before Tax From Continuing Operations				13,951,085	13,705,148
Income (loss) From Continuing Operations				10,909,043	10,664,784
Income (loss) From Discontinued Operations				—	—
Extraordinary Items	Applicable	Applicable	Applicable	—	—
Cumulative Effect of Change in Accounting Principle				—	—
Net income				10,909,043	10,664,784
Earnings Per Share (Note 2)				14.51	14.93

**3. Names of the Auditors and the Opinions:**

Year	CPA Firm	CPA	Auditors' Opinion	Reason for change CPA
2011	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	
2012	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	
2013	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	
2014	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	
2015	Deloitte & Touche	Hung Ju Liao Chun Chi Kung	Revised unqualified opinion	Job rotation inside CPA firm

## 2. Financial Analysis for the Past Five Years

### (1) Consolidated Financial Analysis -IFRS

Analysis Items		Year	Financial Information For The Past 5 Years (Note 2)					As of 2016/03/21 (Note 3)
			2015	2014	2013	2012	2011	
Capital Structure (%)	Debt ratio		32.41	29.84	30.08	39.24		—
	Long-term Funds to Fixed Assets		197.08	211.20	210.61	208.58		—
Liquidity (%)	Current Ratio		230.76	248.22	206.96	180.91		—
	Quick Ratio		209.41	216.18	191.8	168.65		—
	Times Interest Earned		20,135.33	14,438.28	6,114.93	4,708.88	Not	—
Operating Performance	Accounts Collection Turnover (times)		3.34	2.87	2.65	2.69		—
	Average Collection Days		109.28	127.17	137.74	135.69		—
	Inventory Turnover (times)		6.89	6.16	7.88	8.42		—
	Average Payable Turnover (times)		7.07	5.30	6.14	6.36		—
	Inventory Turnover Days		52.97	59.25	46.32	43.35		—
	Fixed asset Turnover (times)		1.58	1.22	1.24	1.20		—
	Total asset Turnover (times)		0.53	0.40	0.41	0.37		—
Profitability	Return on Assets (%)		16.40	14.87	13.59	11.58		—
	Return on Equity (%)		23.79	21.12	20.48	18.40		—
	Income Before Tax as % of Capital		450.38	305.62	233.49	185.75		—
	Net income to Sales (%)		30.55	32.36	31.95	29.25	Applicable	—
	EPS (NTD) (Note 1)		32.61	23.52	18.38	14.40		—
Cash Flow (%)	Cash Flow Ratio		74.07	83.85	63.71	26.47		—
	Cash Flow Adequacy Ratio		111.34	105.78	107.75	80.15		—
	Cash flow Reinvestment Ratio		18.17	18.32	17.31	7.94		—
Leverage	Operating Leverage		1.99	1.97	2.16	2.12		—
	Financial Leverage		1.00	1.01	1.02	1.03		—

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

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

Note3: Up until the printing date, Q1/2016 financial report is not available

### Explanations for Significant Changes (over 20%)

- Times Interest Earned: The ratio increased due to better sales performance and increasing profits
- Average Payable Turnover (times): The turnover rate increased because of better sales performance and rising operating cost.
- Fixed asset Turnover (times), Total asset Turnover (times): The turnover rate rose as the profits grew substantially on better sales performance.
- Income Before Tax as % of Capital, EPS: Pretax income improved due to better sales performance and resulted in substantial growth in profits

## (2) Parent Company Financial Analysis -IFRS

Analysis Items		Financial Information For The Past 5 Years (Note 2)					As of 2016/03/21 (Note 3)
		2015	2014	2013	2012	2011	
Capital Structure (%)	Debt Ratio	30.84	17.40	19.92	16.73		—
	Long-term Funds to Fixed Assets	1,994.43	1,592.03	1,247.33	1,025.37		—
Liquidity (%)	Current Ratio	121.15	109.05	91.09	97.9		—
	Quick Ratio	120.11	107.00	88.72	94.45		—
	Times Interest Earned	16,021.80	13,075.50	11,487.19	13,685.93	Not	—
Operating Performance	Accounts Collection Turnover (times)	4.21	2.22	4.41	2.10		—
	Average Collection Days	86.69	164.41	82.77	173.81		—
	Inventory Turnover (times)	136.46	27.81	53.87	24.99		—
	Average Payable Turnover (times)	5.06	7.01	12.50	3.74		—
	Inventory Turnover Days	2.67	13.12	6.78	14.61		—
	Fixed asset Turnover (times)	10.17	2.47	3.77	1.93		—
	Total asset Turnover (times)	0.42	0.13	0.24	0.16		—
Profitability	Return on Assets (%)	17.83	17.33	16.82	15.47		—
	Return on Equity (%)	23.73	21.11	20.46	18.37		—
	Income Before Tax as % of Capital	357.24	253.37	195.80	157.71		—
	Net income to Sales (%)	41.74	120.14	62.09	92.07	Applicable	—
	EPS (NTD) (Note 1)	32.61	23.52	18.38	14.40		—
Cash Flow (%)	Cash Flow Ratio	34.41	16.81	0.39	30.15		—
	Cash Flow Adequacy Ratio	113.10	44.88	32.89	64.81		—
	Cash flow Reinvestment Ratio	9.72	-0.40	-5.59	-0.57		—
Leverage	Operating Leverage	6.18	2.57	6.71	3.07		—
	Financial Leverage	1.03	1.04	1.01	1.01		—

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

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

Note3: Up until the printing date, Q1/2016 financial report is not available

### Explanations for Significant Changes (over 20%)

- Debt Ratio: The Parent Company started to serve the entity for receiving the orders since 2015 and this increased the amount of accounts payables-related party, which resulted in more growth in liabilities than total assets.
- Long-term Funds to Fixed Assets: As the Company continued to recognize investment gains so that the stockholders' equity has increased during the period.
- Times Interest Earned: The ratio increased due to better sales performance and increasing profits
- Accounts Receivable Turnover Rates(Times), Average Collection Days, Total Assets Turnover rate, Fixed asset Turnover (times) : The rate increased due to higher sales revenues and all the turnover rates increased, the average Average Collection Days decreased. Besides, there's no big changes to the collection policy.
- Inventory turnover rates (times) 、average inventory days(times): The turnover rate increased due to higher sales revenues and rising operating cost; therefore, the inventory turnover rate improved and the inventory days decreased.
- EPS, Income Before Tax as % of Capital: As the Company continued to recognize investment gains so that the pretax profit has increased during the period.
- Net Margin: The net margin declined as sales grew along with higher cost.

- Operating leverage: The figure increased because of the higher increase in operating profits than growth in operating cost
- Cash flow ratio, Cash Flow Adequacy Ratio, Cash flow reinvestment ratio: The ratio increased due to better cash inflow from operating activities .

## Formula for Financial Analysis :

### A. Capital Structure

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

### B. Liquidity

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

### C. Operating Performance

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

### D. Profitability

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

### E. Cash Flow

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

### F. Leverage

- Operating leverage=( Net Sales-Variable Cost & expense ) / Income from Operations
- Financial leverage=Income from Operations/(Income from Operations-Interest Expenses)

### (3) Consolidated Financial Analysis –TW GAAP

Analysis Items		Financial Information For The Past 5 Years (Note 2)				
		2015	2014	2013	2012	2011
Capital Structure (%)	Debt ratio				39.35	37.27
	Long-term Funds to Fixed Assets				206.12	222.56
Liquidity (%)	Current Ratio				181.36	225.21
	Quick Ratio				168.88	210.28
	Times Interest Earned	Not	Not	Not	5,616.71	6,596.44
Operating Performance	Accounts Collection Turnover (times)				2.69	3.29
	Average Collection Days				135.69	110.94
	Inventory Turnover (times)				8.42	8.14
	Average Payable Turnover (times)				6.45	5.93
	Inventory Turnover Days				43.35	44.84
	Fixed asset Turnover (times)				1.19	1.26
	Total asset Turnover (times)				0.37	0.40
Profitability	Return on Assets (%)				11.72	14.74
	Return on Equity (%)				18.67	24.10
	% of Capital	Operating Income			161.96	176.03
		Income Before Tax			185.84	182.58
	Net income to Sales (%)	Applicable	Applicable	Applicable	29.46	29.70
	EPS (NTD) (Note 1)				14.51	14.93
Cash Flow (%)	Cash Flow Ratio				31.24	44.63
	Cash Flow Adequacy Ratio				111.13	121.91
	Cash flow Reinvestment Ratio				10.36	12.04
Leverage	Operating Leverage				2.12	1.94
	Financial Leverage				1.03	1.02

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

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

#### (4)Parent Company's Financial Analysis –TW GAAP

Analysis Items		Financial Information For The Past 5 Years (Note 2)				
		2015	2014	2013	2012	2011
Capital Structure (%)	Debt ratio				16.80	16.12
	Long-term Funds to Fixed Assets				1,053.29	1,229.23
Liquidity (%)	Current Ratio				98.24	231.24
	Quick Ratio				94.62	224.26
	Times Interest Earned	Not	Not	Not	13,776.10	12,945.41
Operating Performance	Accounts Collection Turnover (times)				2.10	3.83
	Average Collection Days				173.80	95.3
	Inventory Turnover (times)				24.99	43
	Average Payable Turnover (times)				3.74	6.36
	Inventory Turnover Days				14.60	8.48
	Fixed asset Turnover (times)				1.99	3.35
	Total asset Turnover (times)				0.16	0.25
Profitability	Return on Assets (%)				15.67	19.96
	Return on Equity (%)				18.64	24.13
	% of Capital	Operating Income			32.87	51.96
		Income Before Tax			158.75	151.05
	Net income to Sales (%)	Applicable	Applicable	Applicable	92.74	64.42
	EPS (NTD) (Note 1)				14.51	14.93
Cash Flow (%)	Cash Flow Ratio				30.35	22.68
	Cash Flow Adequacy Ratio				32.13	13.73
	Cash flow Reinvestment Ratio				-0.55	-2.41
Leverage	Operating Leverage				3.06	2.5
	Financial Leverage				1.04	1.02

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

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

#### Formula for Financial Analysis :

##### A. Capital Structure

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

##### B. Liquidity

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

##### C. Operating Performance

- Accounts collection turnover(times) ( including accounts receivable and notes receivable from operating ) = Net Sales / Average Trade Receivable ( including accounts receivable and notes receivable from operating )



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

#### **D. Profitability**

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

#### **E. Cash Flow**

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

#### **F. Leverage**

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

### 3. Audit Committee's Review Report

## Audit Committee's Review Report

The Board of Directors has prepared the Company's 2015 Financial Statements. Independent auditors, Certified Public Accountants of Deloitte & Touche, have audited the Financial Statements. The Financial Statements have been reviewed and determined to be correct and accurate by the Audit Committee of CATCHER. The Audit Committee hereby submits this report according to Article 14-5 of the Securities and Exchange Act and Article 219 of the Company Act.

Catcher Technology Co., Ltd.

#### Audit Committee Members

Independent Director:

Independent Director:

Independent Director:

February 25, 2016

#### 4. Consolidated Financial Statements

Please refer to appendix 1

#### 5. Financial Statements

Please refer to the Chinese version of 2015 annual report

#### 6. Financial Difficulties Information

None.

## Seven 、 Financial Position, Business Performance and Risks

### 1. Financial Position

#### Analysis of Financial Position

Unit: in thousand NTD

Item \ Year	2015	2014	Difference	
			Amount	%
Current Assets	103,551,236	79,877,672	23,673,564	30%
Fixed Assets, Plant and Equipment	58,737,606	45,405,426	13,332,180	29%
Intangible Assets	141,521	146,369	-4,848	-3%
Other Assets	9,149,309	11,535,237	-2,385,928	-21%
<b>Total assets</b>	<b>171,579,672</b>	<b>136,964,704</b>	<b>34,614,968</b>	<b>25%</b>
Current Liabilities	44,873,539	32,180,086	12,693,453	39%
Long-term Liabilities	10,740,671	8,695,459	2,045,212	24%
<b>Total liabilities</b>	<b>55,614,210</b>	<b>40,875,545</b>	<b>14,738,665</b>	<b>36%</b>
Equity attributed to parent company's shareholders	115,762,580	95,897,663	19,864,917	21%
Capital	7,703,911	7,703,911	0	0%
Capital Reserve	20,274,286	20,276,071	-1,785	0%
Retained Earnings	82,827,439	62,330,904	20,496,535	33%
Shareholders' Equity - others	4,956,944	5,586,777	-629,833	-11%
Treasury stock	0	0	0	0%
Minority equity	202,882	191,496	11,386	6%
<b>Total Equity</b>	<b>115,965,462</b>	<b>96,089,159</b>	<b>19,876,303</b>	<b>21%</b>

#### (1) Explanations for Significant Changes in Financial Position

- Current asset increased due to higher cash position generated from strong growth in sales revenues and profit
- Increasing fixed assets due to the expansion of capacity, building construction, and equipment purchase.
- Decrease in other assets due to prepayment for equipment has been re-recognized into fixed assets
- Increase in current liabilities and long-term liabilities due to increase in bank borrowings and deferred revenues
- Increasing retained earnings due to recognized earnings earned during the year.

#### (2) Significant Influences by the Changes

No material influences.

#### (3) Action Plans for the Influences

Not Applicable

## 2. Operating Results

### (1) Analysis of Operating Results

Unit: in thousand NTD

Item \ Year	2015	2014	Increase (Decrease) Amount	Percentage of change (%)
Net sales	82,413,385	55,277,365	27,136,020	49%
Gross Profit	38,146,556	26,101,348	12,045,208	46%
Operating Income (Loss)	29,425,687	20,024,925	9,400,762	47%
Non-Operating Income (Expenses)	5,271,311	3,519,678	1,751,633	50%
Income before Income Tax	34,696,998	23,544,603	11,152,395	47%
Profit from Continuing Operations	25,181,351	17,887,757	7,293,594	41%
Loss from Discontinued Operations	—	—	—	—
Net Income (Loss)	25,181,351	17,887,757	7,293,594	41%
Other Comprehensive Income	-680,917	4,783,066	-5,463,983	-114%
Total Comprehensive Income	24,500,434	22,670,823	1,829,611	8%
Net Profit attributed to Parent Company's shareholders	25,120,856	17,877,167	7,243,689	41%
Net Profit attributed to Non-Controlling Equity	60,495	10,590	49,905	471%
Total Comprehensive Income attributed to Parent Company's shareholders	24,489,048	22,649,946	1,839,102	8%
Total Comprehensive Income attributed to Non-controlling Equity	11,386	20,877	-9,491	-45%
Earnings per Share	32.61	23.52	9	39%

#### A. Explanations for Significant Changes

- Increase in sales, gross profit, operating income, net profits and net profit attributed to parent company's shareholders were attributed to the increasing sales revenue and gross profits of the Company.
- Increase in net profit attributed to non-controlling equity was because of the growing profit from affiliated companies invested by the Company
- Increase in non-operating income were due to higher subsidy income and foreign exchange income
- Decrease in other comprehensive income was because of RMB depreciation to generate foreign currency exchange difference.

#### B. Sales Quantities Estimation for Next Year

Non Applicable

#### C. Possible Impact on Future Business and Responsive Plans

No significant impact on financial and business.

## 3. Analysis on Cash Flow

Unit: in thousand NTD

Cash Balance at the Beginning of the Year (A) (2014.12.31)	Net Cash Provided by Operating Activities (B) (2015)	Net cash Provided from Investing and Financing Activities (C) (2015)	Impact from changes in Foreign Currency Exchange Rate (D) (2015)	Balance of Net Cash (A+B+C+D) (2015.12.31)	Remedy for cash shortfall	
					Investment Plan	Finance plan
\$48,119,090	\$33,240,031	-\$16,395,402	\$714,929	\$65,678,648	—	—

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

### **➤ Operating Activities**

Cash inflow approximately NTD 33,240,031 thousand was mainly because the Company continued to generate profits

### **➤ Investing Activities**

Cash outflow approximately NTD 19,127,703 thousand was mainly due to the increase in purchasing equipment/machinery for capacity expansion.

### **➤ Financing Activities**

Cash inflow approximately NTD 2,732,301 thousand was mainly due to increase in short-term borrowings

## **(2) Action Plans to Improve the Cash Flow**

Not Applicable

## **(3) Cash Liquidity Analysis for the Upcoming Year**

Not Applicable

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

### **(1) Major Capital Expenditures**

Unit: in thousand NTD

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

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

### **(1) Investment Policy**

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

### **(2) Causes of Profit / Loss**

The Company has recognized investment gains of \$20,253,498 thousand in 2015. These gains were mostly contributed from subsidiaries.

### **(3) Investment Plans**

Based on the Company's global strategy, the Company will set up manufacturing site or sales centers in key global area which will be able to provide service and inventory to our customers in a timely basis. In addition, depending on the business development, the Company may expand its scale by setting up subsidiaries.

## **6. Risk Management and Evaluation**

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

#### **A. Interest Rate Risk**

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

## **B. Exchange Rate Risk**

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

## **C. Inflation Risk**

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

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

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

### **(3) Upcoming R&D Plans and Their Status**

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

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

The Company has dedicated staff to follow the important domestic and international policy and legal changes at any time; responding for seeking professional advices such as lawyer and accountant and plan preventative actions. During 2015, such changes have no major impact on our operation.

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

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

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

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

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

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

### **(8) Risk of Excess Capacity from Fluctuating Economics Conditions**

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

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

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

### **A. Risk of Sales Concentrated**

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

### **B. Risk of Suppliers concentrated**

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

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

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

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

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

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

### **(12) Litigation and Non-litigated Incidents**

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

### **(13) Other Significant Risks**

Part of the production processes were suspended due to the environmental issues (smell problem) involving odors generated in our subsidiaries - Topo Technology Co., Ltd. and Meeca Technology Co., Ltd. and will be tested and approved on a regional basis. So far, we have not received the formal document approval for resumption from the Government.

The Company keeps its improvement, including equipment and tasks, and tries to communicate with the authorities. Currently, there is no significant impact to the Company's operating and production.

## **7. Other Necessary Supplements**

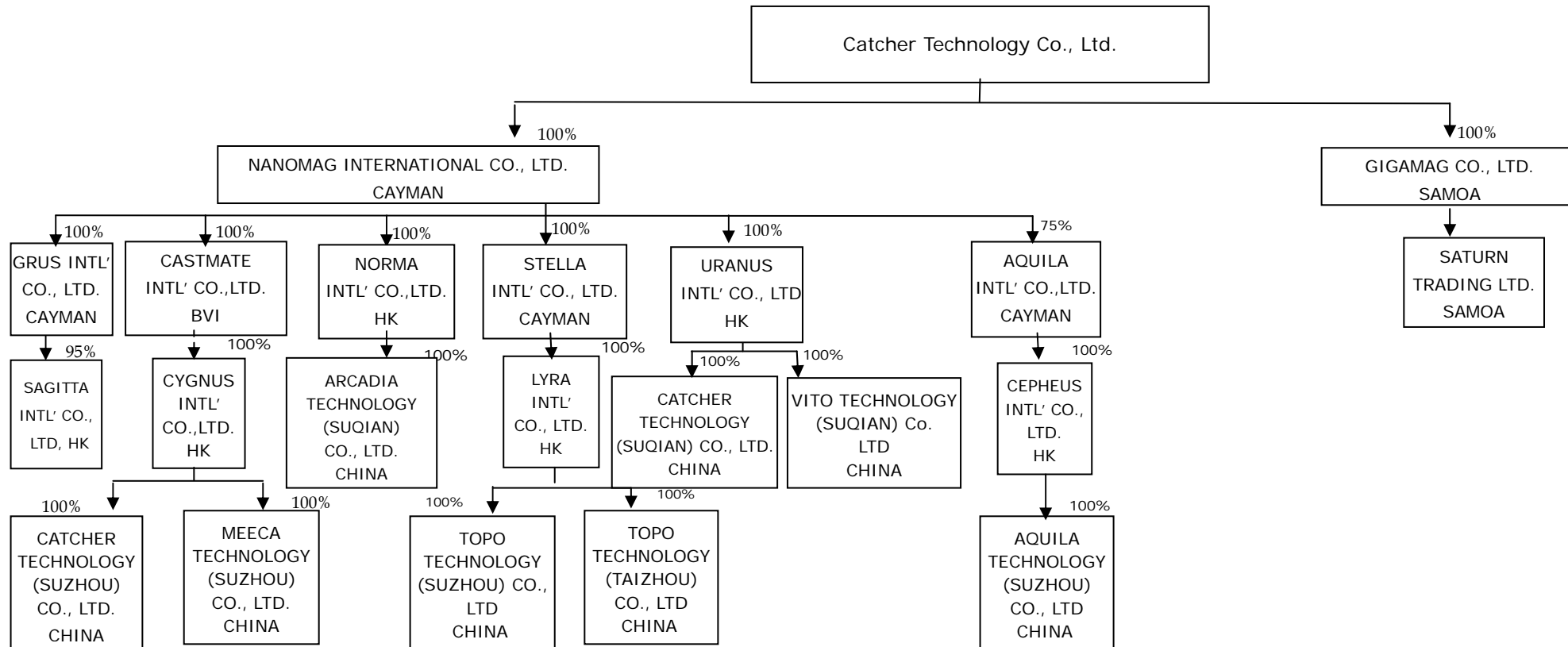
None

## Eight 、 Special items to be included

### 1. Summary of Affiliated Enterprises

#### (1)The Consolidated Operating Report

##### A. Organizational Chart (2015.12.31)





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

2015/12/31; Unit: in thousand NTD

Name of Corporation	Date of incorporation	Address	Capital	Major Business
Nanomag International Co., Ltd.	2001.07.19	Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman, KY 1-1112, Cayman Islands	1	Investment activities
Gigamag Co., Ltd.	2000.12.15	Offshore Chambers,P.O.Box 217, Apia,Samoa	484,941	Investment activities
Saturn Trading Limited	2015.08.21	Portcullis TrustNet Chambers, P.O. Box 1225, Apia, Sammoa	328	International trading
Castmate International Co., Ltd.	1998.04.15	P.O. Box 957 offshore Incorporations Centre Road Town, Tortola, Birtissh Virgin Islands	114,218	Investment activities
Stella International Co., Ltd.	2003.11.13	Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman, KY 1-1112, Cayman Islands	5,829,564	Investment activities
Aquila International Co., Ltd.	2005.01.06	Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman, KY 1-1112, Cayman Islands	45,955	Investment activities
Uranus International Co., Limited	2007.11.07	Room 2108, 21/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong	13,097,483	Investment activities
Grus International Co., Limited	2009.09.24	Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman, KY 1-1112, Cayman Islands	984,869	Investment activities
Norma International Co., Limited	2014.09.18	12/F, RUTTONJEE HOUSE, 11 DUDELL STREET, CENTRAL, HONG KONG	2,435,615	Investment activities
Cygnus International Co., Limited	2007.11.07	Room 2108, 21/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong	3,560,700	Investment activities
Lyra International Co., Limited	2007.11.07	Room 2108, 21/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong	6,813,469	Investment activities
Cepheus International Co., Limited	2007.11.09	Room 2108, 21/F., Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong	45,955	Investment activities
Sagitta International Co., Limited	2009.10.21	12/F, RUTTONJEE HOUSE, 11 DUDELL STREET, CENTRAL, HONG KONG	1,036,685	Investment activities

Catcher Technology (Suzhou) Co., Ltd.	2001.04.20	No 111, ChangYang St. Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	328,578	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Topo Technology (Suzhou) Co., Ltd.	2003.12.22	No 111, ChangYang St. Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	2,527,853	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Topo Technology (Taizhou) Co., Ltd.	2012.06.12	Taizhou Economic Development Zone North of West Zhenxing Road, Economic Standard factory) West of South Wuling Road(Photoelectronic Industrial Park of Taizhou	6,360,302	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Meeca Technology ( Suzhou ) Co., Ltd.	2006.03.14	No 107, ChangYang St. Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	3,479,450	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Catcher Technology (Suqian) Co., Ltd.	2008.12.09	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	6,565,000	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
VITO Technology (Suqian) Co., Ltd.	2012.07.11	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	6,412,422	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Arcadia Technology (Suqian) Co., Ltd.	2014.10.23	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	2,435,615	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Aquila Technology (Suzhou ) Co., Ltd.	2005.03.21	N0.439 Fengting avenue Industrial park,SUZHOU	45,955	Manufacturing and marketing of electronic parts and molds

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

None.

### D. Business of Catcher's Affiliates and their relationship

Major Business	Name of Affiliated Enterprises	Relationship in between
Investment activities	Nanomag International Co., Ltd.	Invest in Castmate International Co., Ltd., Stella International Co., Ltd., Aquila International Co., Ltd., Uranus International Co., Limited, Grus international Co., Limited, Norma International Co., Limited
Investment activities	Gigamag Co., Ltd.	Invest in Saturn Trading Ltd.
Investment activities	Grus international Co., Limited	Invest in Sagitta International Co., Limited
Investment activities	Castmate International Co., Ltd.	Invest in Cygnus International Co., Limited
Investment activities	Stella International Co., Ltd.	Invest in Lyra International Co., Limited
Investment activities	Uranus International Co., Limited	Invest in Catcher Technology (Suqian) Co., Ltd., Vito Technology (Suqian) Co., Ltd.
Investment activities	Aquila International Co., Ltd.	Invest in Cepheus International Co., Limited

Investment activities	Sagitta International Co., Limited	95% owned by Grus international Co., Limited
Investment activities	Cygnus International Co., Limited	Invest in Catcher Technology (Suzhou) Co., Ltd. and Meeca Technology ( Suzhou ) Co., Ltd.
Investment activities	Lyra International Co., Limited	Invest in Topo Technology (Suzhou) Co., Ltd., Topo Technology (Taizhou) Co., Ltd
Investment activities	Cepheus International Co., Limited	Invest in Aquila Technology (Suzhou)Co., Ltd.
Investment activities	Nomra International Co., Limited	Invest in Arcadia Technology (Suqian) Co., Ltd
Trading business	Saturn Trading Ltd.	Trading busines
Manufacturing and sales of electronics products	Catcher Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Topo Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Meeca Technology ( Suzhou ) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Aquila Technology (Suzhou ) Co., Ltd.	Manufacturing and sales of alloying products and molds
Manufacturing and sales of electronics products	Catcher Technology (Suqian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	VITO Technology (Suqian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Arcadia Technology (Suqian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Topo Technology (Taizhou) Co., Ltd.	Manufacturing and sales of alloying products

## E. Directors, Supervisors and General Manager of Affiliated Enterprises

Unit: Share; %

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	%
Nanomag International Co., Ltd.	Director & General Manager	Catcher Technology Co., Ltd. Representative: Shui-Shu Hung	—	—
	Director	Catcher Technology Co., Ltd. Representative: Tien Szu Hung	—	—
Gigamag Co., Ltd.	Director & General Manager	Catcher Technology Co., Ltd Representative: Shui-Shu Hung	—	—
	Director	Catcher Technology Co., Ltd Representative: Tien Szu Hung	—	—
Grus International Co., Ltd.	Director	Nanomag International Co., Ltd. Representative: Shui-Shu Hung	—	—
Castmate International Co., Ltd.	Director & General Manager	Nanomag International Co., Ltd. Representative: Shui-Shu Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: Tien Szu Hung	—	—
Stella International Co., Ltd.	Director & General Manager	Nanomag International Co., Ltd. Representative: Shui-Shu Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: Tien Szu Hung	—	—
Aquila International Co., Ltd.	Director & General Manager	Nanomag International Co., Ltd. Representative: Shui-Shu Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: Tien Szu Hung	—	—
Uranus International Co., Ltd	Director	Mei-Hsing Chen	—	—
Sagitta International Co., Ltd.	Director	Mei-Hsing Chen	—	—
Cygnus International Co., Ltd	Director	Mei-Hsing Chen	—	—
Lyra International Co., Limited	Director	Mei-Hsing Chen	—	—
Cepheus International Co., Limited	Director	Mei-Hsing Chen	—	—
Norma International Co., Limited	Director	Mei-Hsing Chen	—	—
Saturn Trading Ltd.	Director	Ming-Chang Yang	—	—
Catcher Technology ( Suzhou ) Co., Ltd.	Director & Chairman	Cygnus International Co., Limited Representative: Jodan Yang	—	—
	Director	Cygnus International Co., Limited Representative: Magic Liu	—	—
	Director	Cygnus International Co., Limited Representative: Jay Tseng	—	—
	Supervisor	Cygnus International Co., Limited Representative: Pi-Fen Huang	—	—
Topo Technology (Suzhou) Co., Ltd.	Director & Chairman	Lyra International Co., Limited Representative: Lawrence Kuo	—	—
	Director	Lyra International Co., Limited Representative: Magic Liu	—	—
	Director	Lyra International Co., Limited Representative: Jay Tseng	—	—
	Supervisor	Lyra International Co., Limited Representative: Pi-Fen Huang	—	—
Meecca Technology (Suzhou) Co., Ltd.	Director & Chairman	Cygnus International Co., Limited Representative: Jeff Cheng	—	—
	Director	Cygnus International Co., Limited Representative: Magic Liu	—	—
	Director	Cygnus International Co., Limited Representative: Jay Tseng	—	—
	Supervisor	Cygnus International Co., Limited Representative: Pi-Fen Hung	—	—
Aquila Technology (Suzhou) Co., Ltd.	Director & Chairman	Cepheus International Co., Limited Representative: ANG KAH KWEE	—	—
	Director	Cepheus International Co., Limited Representative: Lawrence Kuo	—	—

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	%
Catcher Technology (Suqian) Co., Ltd.	Director	Cepheus International Co., Limited Representative: Jeff Cheng	—	—
	Supervisor	Cepheus International Co., Limited Representative: Pi-Fen Huang	—	—
	Director & Chairman	Uranus International Co., Ltd. Representative: Jay Tseng	—	—
	Director	Uranus International Co., Ltd. Representative: Lawrence Kuo	—	—
VITO Technology (Suqian) Co., Ltd.	Director	Uranus International Co., Ltd. Representative: Jodan Yang	—	—
	Supervisor	Uranus International Co., Ltd. Representative: Pi-Fen Huang	—	—
	Director & Chairman	Uranus International Co., Ltd. Representative: Jay Tseng	—	—
	Director	Uranus International Co., Ltd. Representative: Magic Liu	—	—
TOPO Technology (Taizhou) Co., Ltd.	Director	Uranus International Co., Ltd. Representative: Jodan Yang	—	—
	Supervisor	Uranus International Co., Ltd. Representative: Pi-Fen Huang	—	—
	Director & Chairman	Lyra International Co., Ltd. Representative: Jodan Yang	—	—
	Director	Lyra International Co., Ltd. Representative: Magic Liu	—	—
Arcadia Technology (Suqian) Co., Ltd.	Director	Lyra International Co., Ltd. Representative: Jeff Cheng	—	—
	Supervisor	Lyra International Co., Ltd. Representative: Pi-Fen Huang	—	—
	Director & Chairman	Norma International Co., Limited Representative: Jay Tseng	—	—
	Director	Norma International Co., Limited Representative: Magic Liu	—	—
	Director	Norma International Co., Limited Representative: Jeff Cheng	—	—
	Supervisor	Norma International Co., Limited Representative: Pi-Fen Huang	—	—

## F. Summarized Operation Results of Affiliated Enterprises

2015/12/31; Unit: in thousand; NTD

Name of Corporation	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income (Loss)	Net Income (Loss)	Earnings Per Share (\$)
Nanomag International Co.,Ltd.	1	88,496,043	2,482,299	86,013,744	0	-398	19,545,067	651,502,238.03
Gigamag Co.,Ltd.	484,941	28,797,499	10,631,270	18,166,229	862,559	-384,206	23,954	1,67
Grus International Co.,Ltd.	984,869	872,537	0	872,537	0	-141	-40,671	(1.36)
Sagitta International Co., Limited	1,036,685	918,831	70	918,761	0	-110	-42,795	(1.43)
Castmate International Co.,Ltd.	114,218	18,550,579	0	18,550,579	0	-49	3,905,015	1,122.26

Cygnus International Co., Limited	3,560,700	30,061,909	12,310,351	17,751,558	0	-124	3,905,932	36.01
Stella International Co.,Ltd.	5,829,564	23,454,510	1,683,266	21,771,244	0	-141	8,058,407	45.38
Lyra International Co., Limited	6,813,469	28,569,943	7,217,998	21,351,944	0	-113	7,938,614	38.25
Uranus International Co., Limited	13,097,483	41,447,259	0	41,447,259	0	0	9,895,477	24.80
Norma International Co., Limited	2,435,615	2,297,722	59	2,297,663	0	-57	-47,101	(0.63)
Aquila International Co.,Ltd.	45,955	617,487	0	617,487	0	-179	251,018	239.06
Cepheus International Co., Limited	45,955	620,582	4,702	615,880	0	-4,673	251,061	179.33
Saturn Trading Ltd.	328	576,071	574,507	1,564	0	-38	1,225	122.50
Catcher Technology (Suzhou) Co., Ltd.	328,578	2,345,658	0	2,345,658	0	-9,045	86,635	0
Meeca Technology (Suzhou) Co., Ltd.	3,479,450	38,859,005	25,163,626	13,695,379	45,644,099	3,679,803	3,420,572	0
Topo Technology (Suzhou) Co., Ltd.	2,527,853	5,580,829	203,779	5,377,050	2,779,629	-1,453,160	-1,128,428	0
Topo Technology (Taizhou) Co., Ltd.	6,360,302	32,930,189	17,269,707	15,660,482	27,812,011	12,578,570	9,215,022	0
Catcher Technology (Suqian) Co., Ltd.	6,565,000	31,878,570	2,473,679	29,404,891	18,483,491	4,818,058	5,038,038	0
VITO Technology (Suqian) Co., Ltd.	6,412,422	28,970,713	16,928,363	12,042,350	14,379,166	6,098,757	4,859,269	0
Arcadia Technology (Suqian) Co., Ltd.	2,435,615	3,727,542	1,429,820	2,297,722	0	-59,957	-46,832	0
Aquilia Technology (Suzhou) Co., Ltd.	45,955	867,306	262,952	604,354	992,492	334,942	255,386	0

## **(2)Consolidated Financial Statements Covering Affiliated Enterprises**

### **Letter of Representation**

The Companies represented in the consolidated financial statements of “Catcher Technology Co., Ltd. and its Affiliated Enterprises” for the year ended December 31, 2015 made in accordance with “The Rules Governing Preparation of Affiliated Enterprises Consolidated Operating Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report” are the identical companies represented in the consolidated financial statements of Catcher Technology Co., Ltd. and Subsidiaries made in accordance with International Accounting Standards No. 10. The disclosures to the consolidated financial statements of affiliated enterprises are fully presented in the consolidated financial statements of “Catcher Technology Co., Ltd. and Subsidiaries”. Accordingly, we will not present separately consolidated financial statements of affiliated enterprises”.

**Catcher Technology Co., Ltd.**  
Chairman: Shui-Shu Hung  
2016/02/25

**(3) Report on Affiliations:**

None.

**2. Issuance of Private Placement Securities**

None.

**3. Acquisition or Disposal of Catcher's Shares by Subsidiaries**

None.

**4. Other Necessary Supplements**

None.

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

None.



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

**Catcher Technology Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2015 and 2014 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, 2015 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 HUNG  
Chairman  
February 25, 2016

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of Catcher Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. However, we did not audit the financial statements as of and for the years ended December 31, 2015 and 2014 of certain associates accounted for by the equity method. These financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these associates was based solely on the reports of the other auditors. The carrying values of the investment in associates were NT\$408,345 thousand and NT\$415,531 thousand, or 0.24% and 0.30% of the consolidated total assets as of December 31, 2015 and 2014, respectively. Comprehensive income amounts recognized under the equity method were NT\$68,276 thousand and NT\$82,634 thousand, or 0.28% and 0.36% of the consolidated comprehensive income for the years ended December 31, 2015 and 2014, respectively.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity 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 by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Catcher Technology Co., Ltd. as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified opinion modified report.

February 25, 2016

Notice to Readers

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

*For the convenience of readers, the 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, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 65,678,648	38	\$ 48,119,090	35
Debt investments with no active market - current (Note 7)	5,308	-	18,103	-
Accounts receivable (Notes 4 and 8)	28,180,044	17	21,027,297	15
Other receivables	100,566	-	402,715	-
Current tax assets (Note 25)	5,839	-	21	-
Inventories (Notes 4 and 9)	7,243,801	4	5,600,468	4
Prepayments for lease (Notes 4 and 16)	31,254	-	22,260	-
Non-current assets held for sale (Notes 4 and 10)	-	-	634,185	1
Other current assets (Note 17)	<u>2,305,776</u>	<u>1</u>	<u>4,053,533</u>	<u>3</u>
Total current assets	<u>103,551,236</u>	<u>60</u>	<u>79,877,672</u>	<u>58</u>
<b>NON-CURRENT ASSETS</b>				
Investments accounted for using equity method (Notes 4 and 12)	1,473,633	1	1,545,197	1
Property, plant and equipment (Notes 4, 13 and 31)	58,737,606	34	45,405,426	33
Investment properties (Notes 4, 14 and 31)	250,382	-	255,006	-
Other intangible assets (Notes 4 and 15)	141,521	-	146,369	-
Deferred tax assets (Notes 4 and 25)	4,702,028	3	2,407,730	2
Long-term prepayments for lease (Notes 4 and 16)	1,296,769	1	953,967	1
Other non-current assets (Note 17)	<u>1,426,497</u>	<u>1</u>	<u>6,373,337</u>	<u>5</u>
Total non-current assets	<u>68,028,436</u>	<u>40</u>	<u>57,087,032</u>	<u>42</u>
<b>TOTAL</b>	<u>\$ 171,579,672</u>	<u>100</u>	<u>\$ 136,964,704</u>	<u>100</u>

LIABILITIES AND EQUITY	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ 22,985,500	13	\$ 15,527,000	11
Notes payable (Note 19)	45,314	-	139,707	-
Accounts payable (Note 19)	6,243,366	4	6,084,001	5
Other payables (Note 20)	7,385,229	4	5,582,677	4
Current tax liabilities (Note 25)	4,948,881	3	2,865,378	2
Other current liabilities (Note 20)	<u>3,265,249</u>	<u>2</u>	<u>1,981,323</u>	<u>2</u>
Total current liabilities	<u>44,873,539</u>	<u>26</u>	<u>32,180,086</u>	<u>24</u>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities (Notes 4 and 25)	110,490	-	183,799	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	6,544	-	4,188	-
Other non-current liabilities (Note 20)	<u>10,623,637</u>	<u>6</u>	<u>8,507,472</u>	<u>6</u>
Total non-current liabilities	<u>10,740,671</u>	<u>6</u>	<u>8,695,459</u>	<u>6</u>
Total liabilities	<u>55,614,210</u>	<u>32</u>	<u>40,875,545</u>	<u>30</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> (Note 22)				
Capital stock - common stock	7,703,911	5	7,703,911	6
Capital surplus	20,274,286	12	20,276,071	15
Retained earnings				
Legal reserve	8,709,310	5	6,921,593	5
Special reserve	2,377,902	1	2,377,902	2
Unappropriated earnings	<u>71,740,227</u>	<u>42</u>	<u>53,031,409</u>	<u>38</u>
Total retained earnings	<u>82,827,439</u>	<u>48</u>	<u>62,330,904</u>	<u>45</u>
Other equity	<u>4,956,944</u>	<u>3</u>	<u>5,586,777</u>	<u>4</u>
Total equity attributable to owners of the Company	115,762,580	68	95,897,663	70
<b>NON - CONTROLLING INTERESTS</b>	<u>202,882</u>	<u>-</u>	<u>191,496</u>	<u>-</u>
Total equity	<u>115,965,462</u>	<u>68</u>	<u>96,089,159</u>	<u>70</u>
<b>TOTAL</b>	<u>\$ 171,579,672</u>	<u>100</u>	<u>\$ 136,964,704</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 25, 2016)

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 82,413,385	100	\$ 55,277,365	100
OPERATING COSTS (Notes 9, 10, 13, 24 and 30)	<u>44,266,829</u>	<u>54</u>	<u>29,176,017</u>	<u>53</u>
GROSS PROFIT	<u>38,146,556</u>	<u>46</u>	<u>26,101,348</u>	<u>47</u>
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	665,604	1	600,724	1
General and administrative expenses	6,402,306	7	4,415,469	8
Research and development expenses	<u>1,652,959</u>	<u>2</u>	<u>1,060,230</u>	<u>2</u>
Total operating expenses	<u>8,720,869</u>	<u>10</u>	<u>6,076,423</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>29,425,687</u>	<u>36</u>	<u>20,024,925</u>	<u>36</u>
NON-OPERATING INCOME AND EXPENSES (Note 24)				
Interest income	433,846	-	825,643	1
Other income	3,055,581	4	1,472,203	3
Foreign exchange gain, net (Note 4)	1,830,684	2	1,174,355	2
Other gains and losses	109,970	-	209,763	-
Interest expense	(173,179)	-	(164,208)	-
Share of profit of associates (Note 12)	<u>14,409</u>	<u>-</u>	<u>1,922</u>	<u>-</u>
Total non-operating income and expenses	<u>5,271,311</u>	<u>6</u>	<u>3,519,678</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	34,696,998	42	23,544,603	42
INCOME TAX EXPENSE (Notes 4 and 25)	<u>9,515,647</u>	<u>11</u>	<u>5,656,846</u>	<u>10</u>
NET PROFIT	<u>25,181,351</u>	<u>31</u>	<u>17,887,757</u>	<u>32</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 21)	(2,356)	-	(3,335)	-
Share of the other comprehensive income of associates accounted for using the equity method	(20)	-	3	-

(Continued)

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	2015		2014	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	\$ 401	-	\$ 567	-
	(1,975)	-	(2,765)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(683,644)	(1)	4,788,697	9
Unrealized loss on available-for-sale financial assets	-	-	(14,077)	-
Share of the other comprehensive income of associates accounted for using the equity method	4,702	-	11,211	-
	(678,942)	(1)	4,785,831	9
Other comprehensive income for the year, net of income tax	(680,917)	(1)	4,783,066	9
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 24,500,434	30	\$ 22,670,823	41
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 25,120,856	31	\$ 17,877,167	32
Non-controlling interests	60,495	-	10,590	-
	\$ 25,181,351	31	\$ 17,887,757	32
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 24,489,048	30	\$ 22,649,946	41
Non-controlling interests	11,386	-	20,877	-
	\$ 24,500,434	30	\$ 22,670,823	41
EARNINGS PER SHARE (Note 26)				
Basic	\$ 32.61		\$ 23.52	
Diluted	\$ 32.54		\$ 23.21	

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

(With Deloitte & Touche auditors' report dated February 25, 2016)

(Concluded)



# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners, of the Company								Non-controlling Interests	Total Equity
	Retained Earnings					Other Equity				
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total		
BALANCE, JANUARY 1, 2014	\$ 7,507,031	\$ 16,974,456	\$ 5,541,474	\$ 2,377,902	\$ 40,297,391	\$ 797,156	\$ 14,077	\$ 73,509,487	\$ 170,619	\$ 73,680,106
Appropriation of the 2013 earnings :										
Legal reserve	-	-	1,380,119	-	(1,380,119)	-	-	-	-	-
Cash dividends distributed by the Company - 50%	-	-	-	-	(3,760,265)	-	-	(3,760,265)	-	(3,760,265)
Change in capital surplus from investments in associates accounted for by using equity method	-	2,739	-	-	-	-	-	2,739	-	2,739
Net profit for the year ended December 31, 2014	-	-	-	-	17,877,167	-	-	17,877,167	10,590	17,887,757
Other comprehensive income (loss) for the year ended December 31, 2014, net of income tax	-	-	-	-	(2,765)	4,789,621	(14,077)	4,772,779	10,287	4,783,066
Total comprehensive income (loss) for the year ended December 31, 2014	-	-	-	-	17,874,402	4,789,621	(14,077)	22,649,946	20,877	22,670,823
Convertible bonds converted to ordinary shares	196,880	3,317,174	-	-	-	-	-	3,514,054	-	3,514,054
Disposal of investments accounted for by using equity method	-	(18,298)	-	-	-	-	-	(18,298)	-	(18,298)
BALANCE, DECEMBER 31, 2014	7,703,911	20,276,071	6,921,593	2,377,902	53,031,409	5,586,777	-	95,897,663	191,496	96,089,159
Appropriation of the 2014 earnings :										
Legal reserve	-	-	1,787,717	-	(1,787,717)	-	-	-	-	-
Cash dividends distributed by the Company - 60%	-	-	-	-	(4,622,346)	-	-	(4,622,346)	-	(4,622,346)
Net profit for the year ended December 31, 2015	-	-	-	-	25,120,856	-	-	25,120,856	60,495	25,181,351
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	(1,975)	(629,833)	-	(631,808)	(49,109)	(680,917)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	25,118,881	(629,833)	-	24,489,048	11,386	24,500,434
Disposal of investments accounted for by using equity method	-	(1,785)	-	-	-	-	-	(1,785)	-	(1,785)
BALANCE, DECEMBER 31, 2015	\$ 7,703,911	\$ 20,274,286	\$ 8,709,310	\$ 2,377,902	\$ 71,740,227	\$ 4,956,944	\$ -	\$ 115,762,580	\$ 202,882	\$ 115,965,462

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

(With Deloitte & Touche auditors' report dated February 25, 2016)

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 34,696,998	\$ 23,544,603
Adjustments for:		
Depreciation expenses	9,905,693	6,007,119
Amortization expenses	80,110	59,765
Reversal of provision for doubtful accounts receivable	(566)	(4,311)
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	-	(4,846)
Interest expenses	173,179	164,208
Interest income	(433,846)	(825,643)
Share of profit of associates	(14,409)	(1,922)
Loss on disposal of property, plant and equipment	97,726	102,637
Loss on disposal of other intangible assets	5,867	-
Gain on disposal of investment	(17,361)	(210,566)
Write-down of inventories	94,550	326,347
Impairment loss (gain on reversal of impairment loss) recognized on property, plant and equipment	(109,172)	310,809
Unrealized gain on foreign currency exchange	(17,628)	(878,601)
Changes in operating assets and liabilities		
Financial assets held for trading	-	20,585
Notes receivable	-	560
Accounts receivable	(7,100,805)	(3,320,318)
Other receivables	241,855	(219,965)
Inventories	(1,723,846)	(2,053,944)
Other current assets	1,733,614	(3,155,646)
Notes payable	(94,393)	(110,256)
Accounts payable	125,501	1,837,479
Accounts payable - related parties	-	(278,221)
Other payables	2,081,051	1,379,643
Other payable - related parties	(3,404)	3,301
Other current liabilities	1,121,990	1,552,768
Other non-current liabilities	<u>2,155,957</u>	<u>8,452,271</u>
Cash generated from operations	42,998,661	32,697,856
Dividend received	46,538	38,500
Income tax paid	<u>(9,805,168)</u>	<u>(5,753,053)</u>
Net cash generated from operating activities	<u>33,240,031</u>	<u>26,983,303</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of available-for-sale financial assets	-	50,000
Purchase of debt investments with no active market	(39,028)	-
Decrease in debt investments with no active market	51,515	3,205,272
Acquisition of investments accounted for using equity method	(8,000)	-

(Continued)

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Proceeds from disposal of investments accounted for using equity method	34,687	359,985
Proceeds from the capital reduction of investments accounted for using equity method	11,280	36,000
Acquisition of property, plant and equipment	(19,845,862)	(20,211,055)
Proceeds from disposal of non-current assets held for sale	618,199	-
Proceeds from disposal of property, plant and equipment	34,852	82,412
Increase in refundable deposits	(1,645)	(52,834)
Decrease in refundable deposits	1,684	50,848
Acquisition of other intangible assets	(53,303)	(92,197)
Proceeds from disposal of other intangible assets	-	19,822
Acquisition of investment properties	(996)	(820)
Increase in prepayments for lease	(412,096)	(298,812)
Decrease in prepayments for lease	-	54,020
Interest received	<u>481,010</u>	<u>917,181</u>
Net cash used in investing activities	<u>(19,127,703)</u>	<u>(15,880,178)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	98,117,500	41,937,500
Repayments of short-term borrowings	(90,659,000)	(42,667,807)
Repayments of long-term borrowings	-	(1,000,000)
Proceeds from guarantee deposits received	1,066,981	891,678
Refund of guarantee deposits received	(1,000,040)	(744,225)
Cash dividends	(4,622,346)	(3,760,265)
Interest paid	<u>(170,794)</u>	<u>(135,831)</u>
Net cash generated from (used in) financing activities	<u>2,732,301</u>	<u>(5,478,950)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	<u>714,929</u>	<u>3,116,553</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	17,559,558	8,740,728
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>48,119,090</u>	<u>39,378,362</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 65,678,648</u>	<u>\$ 48,119,090</u>

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

(With Deloitte & Touche auditors' report dated February 25, 2016)

(Concluded)

# **CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **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 Taiwan GreTai Securities Market (OTC) from November 1999 until September 2001 when the Company listed its shares on the Taiwan Stock Exchange (TSE) under stock number “2474” and ceased listing and trading on the OTC market.

The Company issued unsecured convertible bonds which are traded on the Taiwan GreTai Securities Market since April 2011. However, all the unsecured convertible bonds issued in 2011 had been converted into common stocks, therefore, those unsecured convertible bonds stopped being traded on the Taiwan GreTai Securities Market in November 2014.

The Company increased its capital by listing its shares in the form of GDRs on the Luxembourg Stock Exchange (EuroMTF) in June 2011.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s board of directors on February 25, 2016.

### **3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS**

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version did not have any material impact on the Group’s accounting policies:

- 1) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries and associates. In general, the disclosure requirements in IFRS 12 are more extensive; please refer

to Notes 11 and 12 for related disclosures.

2) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive, for example, quantitative and qualitative disclosures based on the three-level fair value hierarchy previously required only for financial instruments will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 29 for related disclosures.

3) Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to IAS 1 require items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under the previous IAS 1, there were no such requirements.

The Group retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and share of the other comprehensive income of associates accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates accounted for using the equity method. However, the application of the above amendments did not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
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
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019

(Continued)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendments to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

(Concluded)

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 amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group’s accounting policies, except for the following:

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

#### The impairment of financial assets

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. The credit loss allowance is required for financial assets measured at amortized cost, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

## 2) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within financing activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

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 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.

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 the 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 the 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

Principles for preparing consolidated financial statements

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.

See Note 11, tables 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (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 on 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 case, 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 not retranslated.

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

f. Inventories

Inventories consist of raw materials, supplies, merchandise, finished goods, semi-finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. 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 weighted-average cost.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that 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 equity of associates.

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

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

The entire carrying amount of the 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 deducted from investment and the carrying amount of investment is net of the impairment loss. 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 its 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 stated at cost, less accumulated depreciation and accumulated impairment loss.

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

Depreciation on 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 method are reviewed at the end of each reporting period, with the effect of any changes in estimate 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 measured initially 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

1) Intangible assets acquired separately

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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Derecognition of intangible assets

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 other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an 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.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit 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 or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

## l. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets will cease.

## m. 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 issue 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 settlement date basis.

#### a) Measurement category

Financial assets category of the Group is loans and receivables.

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

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, 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

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 asset, the estimated future cash flows of the investment have been affected.

For financial assets carried 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 default on receivables.

For financial assets carried 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 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 is becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

The carrying amount of the 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 uncollectible, 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 uncollectible account receivables 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.

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.

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.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the financial liabilities at fair value through profit or loss, 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 the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

n. Revenue recognition

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 seller'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.

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 materials ownership.

2) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

o. Leasing

Leases are classified as finance lease whenever the terms of the 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 an expense 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.

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

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching 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.

r. 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 service.

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period 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 they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. 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.

#### s. 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 the 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 asset 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 liability is settled or the asset 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 tax for the year

Current and deferred tax 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 tax are also recognized in other comprehensive income or directly in equity respectively.

## **5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, management is required to make judgments, estimates 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 estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### **Estimated impairment of accounts receivable**

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

### **Useful lives of property, plant and equipment**

As described in Note 4, the Group reviews the estimated useful lives of property, plant and equipment and investment properties at each balance sheet date. The useful lives of property, plant and equipment and investment properties are determined on the basis of the expected usage of the asset, the expected physical wear and tear, technical or commercial obsolescence, and legal or similar limits on the use of the asset, which may result in significant adjustments.

### **Income taxes**

As of December 31, 2015 and 2014, the Company's management resolved that the unappropriated retained earnings of overseas subsidiaries as of December 31, 2015 will be used for permanent investment to support subsidiaries' operating fund; this was approved by the board of directors on February 25, 2016. 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.

### **Impairment of property, plant and equipment**

The impairment of property, plant and equipment was based on the recoverable amount of those assets, which is the higher of fair value less costs to sell or value-in-use of those assets. Any changes in the market price or future cash flows will affect the recoverable amount of those assets and may lead to recognition of additional or reversal of impairment losses.

### Write-down of inventory

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 was based on current market conditions and the historical experience of 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

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Cash on hand	\$ 6,288	\$ 6,101
Savings accounts in banks	6,996,648	6,030,793
Cash equivalent (investments with original maturities less than three months)		
Time deposits	57,883,229	41,368,881
Repurchase agreements	<u>792,483</u>	<u>713,315</u>
	<u>\$ 65,678,648</u>	<u>\$ 48,119,090</u>

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

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Time deposits	0.005% ~ 4.09%	0.01% ~ 4.20%
Repurchase agreements	1.30% ~ 1.50%	1.30% ~ 1.50%

## 7. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Time deposits with original maturity more than 3 months	<u>\$ 5,308</u>	<u>\$ 18,103</u>
The range of interest rates	2.55% ~ 3.025%	2.80% ~ 3.30%

## 8. ACCOUNTS RECEIVABLE

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
<u>Accounts receivable</u>		
Accounts receivable - operating	\$ 28,188,482	\$ 21,036,305
Less: Allowance for impairment loss	<u>8,438</u>	<u>9,008</u>
	<u>\$ 28,180,044</u>	<u>\$ 21,027,297</u>

The average credit period on sales of goods was 30 to 180 days. 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 the 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:

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Less than 90 days	\$ 23,564,643	\$ 17,214,017
91 - 120 days	1,957,471	2,665,551
121 - 150 days	2,011,218	1,019,733
151 - 180 days	568,033	56,597
181 - 240 days	84,583	57,635
More than 241 days	<u>2,534</u>	<u>22,772</u>
	<u>\$ 28,188,482</u>	<u>\$ 21,036,305</u>

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

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
151 - 180 days	\$ 4,477	\$ -
181 - 240 days	84,583	57,635
More than 241 days	<u>2,534</u>	<u>22,772</u>
	<u>\$ 91,594</u>	<u>\$ 80,407</u>

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

	<b>Individually Assessed for Impairment</b>	<b>Collectively Assessed for Impairment</b>	<b>Total</b>
Balance at January 1, 2014	\$ 13,243	\$ -	\$ 13,243
Less: Impairment losses reversed	(4,311 )	-	(4,311 )
Foreign exchange translation gains and losses	76	-	76
	<u></u>	<u></u>	<u></u>
Balance at December 31, 2014	<u>\$ 9,008</u>	<u>\$ -</u>	<u>\$ 9,008</u>
Balance at January 1, 2015	\$ 9,008	\$ -	\$ 9,008
Less: Impairment losses reversed	(566 )	-	(566 )
Foreign exchange translation gains and losses	(4 )	-	(4 )
	<u></u>	<u></u>	<u></u>
Balance at December 31, 2015	<u>\$ 8,438</u>	<u>\$ -</u>	<u>\$ 8,438</u>

## 9. INVENTORIES

	December 31	
	2015	2014
Merchandise	\$ 18,175	\$ 12,846
Finished goods	3,418,701	2,054,366
Work in process and semi-finished goods	3,002,415	2,596,530
Raw materials and supplies	<u>804,510</u>	<u>936,726</u>
	<u>\$ 7,243,801</u>	<u>\$ 5,600,468</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2015 and 2014 was NT\$44,271,125 thousand and NT\$28,784,350 thousand, respectively.

The cost of goods sold for the years ended December 31, 2015 and 2014 included inventory write-downs of NT\$94,550 thousand and NT\$326,347 thousand, respectively.

## 10. NON-CURRENT ASSETS HELD FOR SALE—December 31, 2014

The major classes of non-current assets classified as held for sale were as follows:

Property, plant and equipment held for sale	
Land use right and Buildings	\$ 620,690
Miscellaneous equipment	<u>13,495</u>
	<u>\$ 634,185</u>

On November 28, 2014, the Group signed an agreement with the buyer of land use right and buildings. The transfer of land use right and buildings, except for some non-current assets held for sale which were reclassified to property, plant and equipment, had been completed in March 2015. The difference between the net proceeds and the carrying amounts of the related net assets of NT\$2,334 thousand was recognized as loss on disposal under operating cost.

## 11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2015	2014	
Catcher Technology Co., Ltd.	Nanomag International Co., Ltd.	Investing activities	100	100	
	Gigamag Co., Ltd.	Investing activities	100	100	
	Amity Capital Inc.	Investing activities	-	100	(a)
	I-Catcher Optoelectronics Corp.	Manufacturing and selling electronic parts	-	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	
	Artery Co., Ltd.	Investing activities	-	100	(b)
	Aquila International Co., Ltd.	Investing activities	75	75	
	Grus International Co., Ltd.	Investing activities	100	100	
	Norma International Co., Ltd.	Investing activities	100	100	
	Cygnus International Co., Ltd.	Investing activities	100	100	
	Catcher Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
Stella International Co., Ltd.	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
	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	
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 (Suzhou) 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	
Grus International Co., Ltd.	Sagitta International Co., Ltd.	Investing activities	95	95	
Gigamag Co., Ltd.	Hoppi Co., Ltd.	International trade	-	100	(c)
	Avatar Co., Ltd.	International trade	-	100	(c)
	Leo Co., Ltd.	International trade	-	100	(c)
	Orion Co., Ltd.	International trade	-	100	(c)
	Saturn Trading Ltd.	International trade	100	-	(d)

- a. Amity Capital Inc. and I-Catcher Optoelectronics Corp. were liquidated in August 2015.
- b. Artery Co., Ltd. was liquidated and dissolved in August 2015.
- c. Hoppi Co., Ltd., Avatar Co., Ltd., Leo Co., Ltd., and Orion Co., Ltd. were liquidated and dissolved in August 2015.
- d. Gigamag Co., Ltd. incorporated 100% owned subsidiary of Saturn Trading Ltd. in September 2015 in Samoa.

## 12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Investments in associates		
Associates that are not individually material	<u>\$ 1,473,633</u>	<u>\$ 1,545,197</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
The Group's share of:		
Net profit	\$ 14,409	\$ 1,922
Other comprehensive income	<u>(17,164)</u>	<u>66,403</u>
Total comprehensive income for the year	<u>\$ (2,755)</u>	<u>\$ 68,325</u>

In 2015 and 2014, the Company disposed of some shares of associates that are not individually material; thus, capital surplus as of December 31, 2015 and 2014 decreased by NT\$1,785 thousand and NT\$18,298 thousand, and recognized gain on disposal of investment for the years then ended was NT\$17,480 thousand and NT\$196,233 thousand, respectively.

The Group is able to exercise significant influence over some associates that are not individually material even if it holds less than 20 percent of voting rights because the Company appointed one or two out of the seven directors of the associates.

Except for the financial statements of Kon-Cheng for the year ended December 31, 2015, investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have been audited. Management believes the financial statements of Kon-Cheng that have not been audited do not have material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income for the year.

### 13. 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
<u>Cost</u>									
Balance at January 1, 2014	\$ 2,179,324	\$ 9,908,225	\$ 34,298,640	\$ 80,054	\$ 1,362,273	\$ 895,614	\$ 9,587	\$ 2,939,632	\$ 51,673,349
Additions	-	866,860	11,586,545	18,497	541,735	301,825	1,086	1,751,142	15,067,690
Disposals	-	(228,248)	(385,521)	(11,577)	(101,388)	(263,053)	-	-	(989,787)
Reclassified as held for sale	-	(1,083,065)	(232,559)	-	(13,609)	-	-	-	(1,329,233)
Reclassification	-	2,926,849	442,233	1,812	8,770	4,421	-	(2,929,352)	454,733
Effect of foreign currency exchange differences	-	697,587	2,029,511	4,347	86,839	30,142	622	79,143	2,928,191
Balance at December 31, 2014	<u>\$ 2,179,324</u>	<u>\$ 13,088,208</u>	<u>\$ 47,738,849</u>	<u>\$ 93,133</u>	<u>\$ 1,884,620</u>	<u>\$ 968,949</u>	<u>\$ 11,295</u>	<u>\$ 1,840,565</u>	<u>\$ 67,804,943</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2014	\$ -	\$ 2,569,146	\$ 12,918,221	\$ 50,412	\$ 683,918	\$ 540,321	\$ 8,191	\$ -	\$ 16,770,209
Disposals	-	(189,876)	(322,510)	(7,901)	(78,987)	(205,464)	-	-	(804,738)
Depreciation	-	793,635	4,807,770	11,251	204,485	183,705	628	-	6,001,474
Impairment losses recognized in profit or loss	-	-	239,761	-	56	70,992	-	-	310,809
Reclassified as held for sale	-	(554,566)	(220,256)	-	(12,416)	-	-	-	(787,238)
Reclassification	-	-	-	-	(334)	334	-	-	-
Effect of foreign currency exchange differences	-	165,958	687,750	2,241	39,054	13,491	507	-	909,001
Balance at December 31, 2014	<u>\$ -</u>	<u>\$ 2,784,297</u>	<u>\$ 18,110,736</u>	<u>\$ 56,003</u>	<u>\$ 835,776</u>	<u>\$ 603,379</u>	<u>\$ 9,326</u>	<u>\$ -</u>	<u>\$ 22,399,517</u>
Carrying amounts at December 31, 2014	<u>\$ 2,179,324</u>	<u>\$ 10,303,911</u>	<u>\$ 29,628,113</u>	<u>\$ 37,130</u>	<u>\$ 1,048,844</u>	<u>\$ 365,570</u>	<u>\$ 1,969</u>	<u>\$ 1,840,565</u>	<u>\$ 45,405,426</u>
<u>Cost</u>									
Balance at January 1, 2015	\$ 2,179,324	\$ 13,088,208	\$ 47,738,849	\$ 93,133	\$ 1,884,620	\$ 968,949	\$ 11,295	\$ 1,840,565	\$ 67,804,943
Additions	-	701,782	13,207,028	15,798	629,607	653,464	752	5,341,615	20,550,046
Disposals	-	(30,887)	(173,915)	(5,617)	(72,469)	(251,611)	-	-	(534,499)
Reclassification	-	1,826,310	3,887,416	452	46,447	224	-	(1,813,094)	3,947,755
Effect of foreign currency exchange differences	-	(296,216)	(1,487,521)	(1,852)	(42,597)	(12,272)	(260)	(62,597)	(1,903,315)
Balance at December 31, 2015	<u>\$ 2,179,324</u>	<u>\$ 15,289,197</u>	<u>\$ 63,171,857</u>	<u>\$ 101,914</u>	<u>\$ 2,445,608</u>	<u>\$ 1,358,754</u>	<u>\$ 11,787</u>	<u>\$ 5,306,489</u>	<u>\$ 89,864,930</u>
<u>Accumulated depreciation and impairment</u>									
Balance at January 1, 2015	\$ -	\$ 2,784,297	\$ 18,110,736	\$ 56,003	\$ 835,776	\$ 603,379	\$ 9,326	\$ -	\$ 22,399,517
Disposals	-	(30,887)	(136,601)	(5,516)	(63,715)	(167,536)	-	-	(404,255)
Depreciation	-	989,566	8,300,463	13,777	332,890	262,498	879	-	9,900,073
Reversal of impairment losses recognized in profit or loss	-	-	(108,458)	-	-	(714)	-	-	(109,172)
Effect of foreign currency exchange differences	-	(66,037)	(569,444)	(978)	(17,638)	(4,523)	(219)	-	(658,839)
Balance at December 31, 2015	<u>\$ -</u>	<u>\$ 3,676,939</u>	<u>\$ 25,596,696</u>	<u>\$ 63,286</u>	<u>\$ 1,087,313</u>	<u>\$ 693,104</u>	<u>\$ 9,986</u>	<u>\$ -</u>	<u>\$ 31,127,324</u>
Carrying amounts at December 31, 2015	<u>\$ 2,179,324</u>	<u>\$ 11,612,258</u>	<u>\$ 37,575,161</u>	<u>\$ 38,628</u>	<u>\$ 1,358,295</u>	<u>\$ 665,650</u>	<u>\$ 1,801</u>	<u>\$ 5,306,489</u>	<u>\$ 58,737,606</u>

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

Building	
Main building	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

For the year ended December 31, 2014, the Company's estimate of future cash flows from the use of equipment was lower than past estimate. The Group carried out a review of the recoverable amount of the equipment and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss of NT\$310,809 thousand. For the year ended December 31, 2015, the estimated future cash flows of the portion of equipment were expected to be higher than past estimate. Therefore, past impairment loss was reversed to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset in prior years, and the amount was NT\$109,172. The impairment loss and the reversal of impairment loss had been recognized in operating cost in the consolidated statements of comprehensive income.

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 31.

#### 14. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2014	\$ 203,363	\$ 155,225	\$ 358,588
Additions	<u>-</u>	<u>820</u>	<u>820</u>
Balance at December 31, 2014	<u>\$ 203,363</u>	<u>\$ 156,045</u>	<u>\$ 359,408</u>

#### Accumulated depreciation

Balance at January 1, 2014	\$ -	\$ 98,757	\$ 98,757
Depreciation	<u>-</u>	<u>5,645</u>	<u>5,645</u>
Balance at December 31, 2014	<u>\$ -</u>	<u>\$ 104,402</u>	<u>\$ 104,402</u>
Carrying amounts at December 31, 2014	<u>\$ 203,363</u>	<u>\$ 51,643</u>	<u>\$ 255,006</u>

#### Cost

Balance at January 1, 2015	\$ 203,363	\$ 156,045	\$ 359,408
Additions	<u>-</u>	<u>996</u>	<u>996</u>
Balance at December 31, 2015	<u>\$ 203,363</u>	<u>\$ 157,041</u>	<u>\$ 360,404</u>

(Continued)



	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation</u>			
Balance at January 1, 2015	\$ -	\$ 104,402	\$ 104,402
Depreciation	<u>-</u>	<u>5,620</u>	<u>5,620</u>
Balance at December 31, 2015	<u>\$ -</u>	<u>\$ 110,022</u>	<u>\$ 110,022</u>
Carrying amounts at December 31, 2015	<u>\$ 203,363</u>	<u>\$ 47,019</u>	<u>\$ 250,382</u> (Concluded)

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

Main buildings	25 - 35 years
Elevators	15 years
Heat radiation system	5 years

The fair values of the Group's investment properties as of December 31, 2015 and 2014 were NT\$428,544 thousand and NT\$413,462 thousand, respectively. The fair values had been arrived at on the basis of a valuation methodology carried out on December 23, 2015 and March 31, 2013, respectively, by CCIS Real Estate Appraisers Firm, independent qualified professional valuers not connected to the Group. The fair value of land was measured using the sales comparison approach; the fair value of buildings was measured using the cost comparison approach. Because the valuation of land was measured by comparing with the market value in last year and there was no huge movement of rents and the usage of the buildings during this period, the fair value of the investment properties was no significant change.

All of the Group's investment properties were held under freehold interests. The investment properties pledged to secure bank loans were set out in Note 31.

## 15. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>
<u>Cost</u>	
Balance at January 1, 2014	\$ 268,382
Additions	93,677
Disposals	(88,053 )
Effect of foreign currency exchange differences	<u>13,582</u>
Balance at December 31, 2014	<u>\$ 287,588</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2014	\$ 165,827
Amortization	37,385
Disposals	(68,231 )
Effect of foreign currency exchange differences	<u>6,238</u> (Continued)

	<b>Computer Software</b>
Balance at December 31, 2014	\$ <u>141,219</u>
Carrying amounts at December 31, 2014	\$ <u>146,369</u>
<u>Cost</u>	
Balance at January 1, 2015	\$ 287,588
Additions	53,303
Disposals	(47,306 )
Effect of foreign currency exchange differences	<u>(5,638 )</u>
Balance at December 31, 2015	\$ <u>287,947</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2015	\$ 141,219
Amortization expense	49,096
Disposals	(41,439 )
Effect of foreign currency exchange differences	<u>(2,450 )</u>
Balance at December 31, 2015	\$ <u>146,426</u>
Carrying amounts at December 31, 2015	\$ <u>141,521</u> (Concluded)

The above items of other intangible assets are depreciated on a straight-line basis over the estimated useful life of 2 to 10 years.

## 16. PREPAYMENTS FOR LEASE

	<u>December 31</u>	
	<b>2015</b>	<b>2014</b>
Current asset	\$ 31,254	\$ 22,260
Non-current asset	<u>1,296,769</u>	<u>953,967</u>
	<u>\$ 1,328,023</u>	<u>\$ 976,227</u>

In April 2000, the Company obtained the usage right of the land on which its buildings are situated under an agreement with Taiwan Sugar Corporation which will expire in 2050. The annual rental is 10% of the government appraised price of the land. The Company is required to pay for the land use right every twenty years, as determined by the government. As of December 31, 2015 and 2014, prepaid lease payments include land use right with carrying amount of NT\$6,017 thousand and NT\$7,098 thousand, respectively.

Topo Suzhou and Meeca Suzhou obtained the usage rights on the land on which their buildings stand under agreements with the Suzhou Industrial Park; Catcher Suqian, Vito Suqian, and Arcadia Suqian obtained the usage rights on the land on which their buildings stand under agreements with the Suzhou Suqian Industrial Park; and Topo Taizhou obtained the usage rights on the land on which their buildings stand under agreements with the Bureau of Land Resources Taizhou; the agreements will expire in succession before 2082. The rights were paid in the year the agreement was signed. As of December 31, 2015 and 2014,

prepaid lease payments include land use right on land in mainland China with carrying amount of NT\$1,322,006 thousand and NT\$969,129 thousand, respectively.

## 17. OTHER ASSETS

	December 31	
	2015	2014
<u>Current</u>		
VAT retained	\$ 2,000,691	\$ 3,473,076
Prepaid expenses	170,093	145,796
Office supplies	110,954	99,906
Refundable deposits	10,716	12,230
Prepayments to suppliers	2,645	243,794
Others	<u>10,677</u>	<u>78,731</u>
	<u>\$ 2,305,776</u>	<u>\$ 4,053,533</u>
<u>Non-current</u>		
Prepaid equipment	\$ 1,416,777	\$ 6,365,061
Refundable deposits	9,312	8,276
Others	<u>408</u>	<u>-</u>
	<u>\$ 1,426,497</u>	<u>\$ 6,373,337</u>

## 18. BORROWINGS

### a. Short-term borrowings

	December 31	
	2015	2014
<u>Unsecured borrowings</u>		
Bank unsecured loans	<u>\$ 22,985,500</u>	<u>\$ 15,527,000</u>
Annual interest rate	0.8107%~0.999%	0.950%~0.999%

## 19. NOTES PAYABLE AND ACCOUNTS PAYABLE

Both notes payable and accounts payable are 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.

## 20. OTHER LIABILITIES

	December 31	
	2015	2014
<u>Current</u>		
Other payables		
Payable for salaries or bonus	\$ 4,200,873	\$ 3,194,371
Payable for employees' compensation or bonus	400,724	160,892
Payable for purchase of equipment	684,316	882,758
Payable for maintenance	131,802	115,105
Payable for annual leave	113,951	82,602
Payable for benefits	108,793	100,558
Payable for taxes	108,596	77,605
Payable for meal	86,549	75,817
Payable for utilities	43,296	51,572
Payable for commission fee	37,425	209,177
Payable for labor and health insurance	31,204	26,002
Payable for shipping expenses and warehousing	27,761	31,468
Payable for professional service fees	26,426	6,903
Remuneration to director and supervisors	17,000	16,480
Payable for interest	8,379	5,993
Others	<u>1,358,134</u>	<u>545,374</u>
	<u>\$ 7,385,229</u>	<u>\$ 5,582,677</u>
Other liabilities		
Deferred revenue	\$ 2,443,052	\$ 1,690,454
Guarantee deposits received	376,657	277,870
Payable for value-added tax	361,236	79
Others	<u>84,304</u>	<u>12,920</u>
	<u>\$ 3,265,249</u>	<u>\$ 1,981,323</u>
<u>Non-current</u>		
Other liabilities		
Deferred revenue	\$ 10,608,150	\$ 8,452,271
Guarantee deposits received	14,631	54,423
Others	<u>856</u>	<u>778</u>
	<u>\$ 10,623,637</u>	<u>\$ 8,507,472</u>

## 21. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company 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 subsidiary in China are members of a state-managed retirement benefit plan operated by the government of mainland China. The subsidiary is 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 Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the 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 Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

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

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Present value of defined benefit obligation	\$ 69,979	\$ 65,425
Fair value of plan assets	<u>(63,435 )</u>	<u>(61,237 )</u>
Net defined benefit liability	<u>\$ 6,544</u>	<u>\$ 4,188</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2014	<u>\$ 71,637</u>	<u>\$ (70,783 )</u>	<u>\$ 854</u>
Service cost			
Current service cost	1,893	-	1,893
Net interest expense (income)	<u>1,427</u>	<u>(1,428 )</u>	<u>(1 )</u>
Recognized in profit or loss	<u>3,320</u>	<u>(1,428 )</u>	<u>1,892</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(213 )	(213 )
Actuarial gain - changes in demographic assumptions	(191 )	-	(191 )
Actuarial gain - changes in financial assumptions	(953 )	-	(953 )
Actuarial loss - experience adjustments	<u>4,692</u>	<u>-</u>	<u>4,692</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Recognized in other comprehensive income	\$ 3,548	\$ (213 )	\$ 3,335
Contributions from the employer	-	(1,893 )	(1,893 )
Benefits paid	(13,080 )	13,080	-
Balance at December 31, 2014	<u>65,425</u>	<u>(61,237 )</u>	<u>4,188</u>
Service cost			
Current service cost	1,796	-	1,796
Net interest expense (income)	<u>1,390</u>	<u>(1,321 )</u>	<u>69</u>
Recognized in profit or loss	<u>3,186</u>	<u>(1,321 )</u>	<u>1,865</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(467 )	(467 )
Actuarial loss - changes in demographic assumptions	576	-	576
Actuarial loss - changes in financial assumptions	2,881	-	2,881
Actuarial gain - experience adjustments	(634 )	-	(634 )
Recognized in other comprehensive income	<u>2,823</u>	<u>(467 )</u>	<u>2,356</u>
Contributions from the employer	-	(1,865 )	(1,865 )
Benefits paid	<u>(1,455 )</u>	<u>1,455</u>	<u>-</u>
Balance at December 31, 2015	<u>\$ 69,979</u>	<u>\$ (63,435 )</u>	<u>\$ 6,544</u>

(Concluded)

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

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Operating costs	\$ 1,281	\$ 1,328
Selling and marketing expenses	90	86
General and administrative expenses	260	276
Research and development expenses	<u>234</u>	<u>202</u>
	<u>\$ 1,865</u>	<u>\$ 1,892</u>

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

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

- 3) **Salary risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary 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:

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Discount rate	1.75%	2.125%
Expected rate of salary increase	2.375%	2.375%

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

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Discount rate		
0.25% increase	\$ (1,943 )	\$ (1,925 )
0.25% decrease	\$ 2,022	\$ 2,008
Expected rate of salary increase		
0.25% increase	\$ 1,954	\$ 1,950
0.25% decrease	\$ (1,888 )	\$ (1,880 )

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

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
The expected contributions to the plan for the next year	\$ 1,867	\$ 1,893
The average duration of the defined benefit obligation	15 years	16 years

## 22. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
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 \$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 was 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 issued units of GDRs were 6,700 thousand units representing 33,500 thousand ordinary shares. The registration process had been completed.

As of December 31, 2015 and 2014, the outstanding depositary receipts were 1,614 thousand units and 1,264 thousand units, equivalent to 8,072 thousand ordinary shares and 6,322 thousand ordinary shares, respectively.

b. Capital surplus

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Arising from issuance of ordinary shares	\$ 7,460,295	\$ 7,460,295
Arising from conversion of bonds	12,775,052	12,775,052
<u>May not be used for any purpose</u>		
Arising from share of changes in capital surplus of associates	<u>38,939</u>	<u>40,724</u>
	<u>\$ 20,274,286</u>	<u>\$ 20,276,071</u>

The capital surplus arising from shares issued in excess of par (including share premium from issuance of ordinary shares and conversion of bonds) 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).

The capital surplus arising from investments accounted for using equity method may not be used for any purpose.

c. Retained earnings and dividend policy

The Company's Articles of Incorporation provide that the annual net income should be appropriated as follows:

- 1) Offset against deficit, if any;
- 2) 10% of the remainder as legal reserve, until the accumulated amount equals the Company's paid-in capital;
- 3) Special reserve may be appropriated as required;



- 4) The remainder, no more than 1% as remuneration to directors; not less than 1% as bonus to employees. The remaining portion plus reversal of special reserve and the accumulated unappropriated earnings generated from prior years should be deemed as the distributable earnings, and the distribution plan of which should be proposed by the Company's board of directors and approved in the shareholders' meeting. The Company may issue stock bonuses to employees of an affiliated company who meet the conditions set by the management. Any remaining balance shall be distributed to stockholders as proposed by the board of directors.

The Company is still in the growing stage and is continuing to expand its operation scale considering the viability of economic situation. The board of directors shall focus on the stably growing dividends in proposing the appropriation of annual earnings. However, the cash dividends shall not be less than 10% of the total dividends and the cash dividends shall not be distributed if the dividend per share is less than NT\$0.50.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on November 6, 2015 and are subject to the resolution of the shareholders in their meeting to be held on May 19, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to e. Employee benefits expense in Note 24.

Under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. 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.

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2014 and 2013 had been approved in the stockholders' meetings on June 9, 2015 and June 12, 2014, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>For the Year Ended December 31 2014</b>	<b>2013</b>	<b>For the Year Ended December 31 2014</b>	<b>2013</b>
Legal reserve	\$ 1,787,717	\$ 1,380,119		
Cash dividends	4,622,346	3,760,265	\$ 6	\$ 5

As of February 25, 2016, the Company's board of directors had not proposed appropriations of earnings for 2015.

d. Special reserves

On the first-time adoption of IFRS, the Company appropriated to special reserve the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were NT\$11,019 thousand and NT\$2,366,883 thousand, respectively.

e. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Balance at January 1	\$ 5,586,777	\$ 797,156
Exchange differences arising on translating the financial statements of foreign operations	(634,535 )	4,778,408
Share of exchange difference of associates accounted for using the equity method	4,999	11,174
Share of exchange difference upon disposal of associates accounted for using the equity method	<u>(297 )</u>	<u>39</u>
Balance at December 31	<u>\$ 4,956,944</u>	<u>\$ 5,586,777</u>

2) Unrealized gain (loss) on available-for-sale financial assets for the year ended December 31, 2014

Balance at January 1	\$ 14,077
Cumulative (gain) loss reclassified to profit or loss on sale of available-for-sale financial assets	(14,077 )
Balance at December 31	<u>\$ -</u>

**23. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Revenue from the sale of goods	\$ 82,392,133	\$ 55,257,225
Other operating revenue	<u>21,252</u>	<u>20,140</u>
	<u>\$ 82,413,385</u>	<u>\$ 55,277,365</u>

**24. NET PROFIT**

a. Other income

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Government grants	\$ 2,879,915	\$ 1,284,851
Recycling income	84,572	91,979
Others	<u>91,094</u>	<u>95,373</u>
	<u>\$ 3,055,581</u>	<u>\$ 1,472,203</u>

b. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Net gain arising on financial assets and liabilities at FVTPL	\$ -	\$ 4,846
Gain on disposal of investments	17,361	210,566
Others	<u>92,609</u>	<u>(5,649)</u>
	<u>\$ 109,970</u>	<u>\$ 209,763</u>

c. Interest expense

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Interest on bank loans	\$ 173,179	\$ 136,486
Interest on convertible bonds	<u>-</u>	<u>27,722</u>
	<u>\$ 173,179</u>	<u>\$ 164,208</u>

d. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Property, plant and equipment	\$ 9,900,073	\$ 6,001,474
Investment properties	5,620	5,645
Intangible assets and prepayments for lease	<u>80,110</u>	<u>59,765</u>
	<u>\$ 9,985,803</u>	<u>\$ 6,066,884</u>
An analysis of depreciation by function		
Operating costs	\$ 9,303,778	\$ 5,565,203
Operating expenses	<u>601,915</u>	<u>441,916</u>
	<u>\$ 9,905,693</u>	<u>\$ 6,007,119</u>
An analysis of amortization by function		
Operating costs	\$ 9,103	\$ 9,136
Selling and marketing expenses	7	14
General and administrative expenses	67,686	45,147
Research and development expenses	<u>3,314</u>	<u>5,468</u>
	<u>\$ 80,110</u>	<u>\$ 59,765</u>

e. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Short-term employee benefits		
Salaries	\$ 15,551,004	\$ 10,548,703
Labor and health insurance	160,415	137,116
Others	<u>1,730,994</u>	<u>1,182,804</u>
	<u>17,442,413</u>	<u>11,868,623</u>
Post-employment benefits		
Defined contribution plans	1,369,621	863,605
Defined benefit plans (Note 21)	<u>1,865</u>	<u>1,892</u>
	<u>1,371,486</u>	<u>865,497</u>
	<u>\$ 18,813,899</u>	<u>\$ 12,734,120</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 13,627,251	\$ 9,396,697
Operating expenses	<u>5,186,648</u>	<u>3,337,423</u>
	<u>\$ 18,813,899</u>	<u>\$ 12,734,120</u>

The existing Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to employees was NT\$160,892 thousand representing 1% of net income (net of the bonus to employees and remuneration to directors and supervisors). The remuneration to directors and supervisors was NT\$16,480 thousand estimated based on the actual amount of prior year appropriation.

To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation was NT\$400,724 thousand representing 1.43% of the base net profit. The remuneration to directors and supervisors was NT\$17,000 thousand estimated based on the actual amount of prior year appropriation. The employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2015 will be approved by the Company's board of directors and are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the stockholders in their meeting to be held on May 19, 2016, and in addition thereto a report of such distribution shall be submitted to the stockholders' meeting.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The bonus to employees and remuneration to directors and supervisors for 2014 and 2013 which have been approved in the stockholders' meetings on June 9, 2015 and June 12, 2014, respectively, were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2014</b>		<b>2013</b>	
	<b>Cash Dividends</b>	<b>Share Dividends</b>	<b>Cash Dividends</b>	<b>Share Dividends</b>
Bonus to employees	\$ 160,892	\$ -	\$ 124,211	\$ -
Remuneration of directors and supervisors	16,480	-	12,240	-

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors proposed by the board of directors and approved in the stockholders' meetings on June 9, 2015 and June 12, 2014 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014 and 2013, respectively.

Information on the employees' compensation and remuneration to directors and supervisors for 2015 resolved by the Company's board of directors in 2016 and the bonus to employees, directors and supervisors for 2014 and 2013 resolved in the stockholders' meetings in 2015 and 2014 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gain or loss on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Foreign exchange gains	\$ 14,345,162	\$ 4,344,773
Foreign exchange losses	<u>(12,514,478 )</u>	<u>(3,170,418 )</u>
	<u>\$ 1,830,684</u>	<u>\$ 1,174,355</u>

## 25. INCOME TAXES

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

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Current tax		
In respect of the current year	\$ 10,773,060	\$ 5,676,415
Income tax on unappropriated earnings	1,146,710	866,080
Adjustment for prior periods	<u>(58,698 )</u>	<u>(9,664 )</u>
	<u>11,861,072</u>	<u>6,532,831</u>
Deferred tax		
In respect of the current year	<u>(2,345,425 )</u>	<u>(875,985 )</u>
Income tax expense recognized in profit or loss	<u>\$ 9,515,647</u>	<u>\$ 5,656,846</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Profit before income tax	\$ 34,696,998	\$ 23,544,603
Income tax expense calculated at the statutory rate	\$ 7,839,604	\$ 4,086,575
Unrecognized temporary differences		
Realized (Unrealized) sales return	85,355	(3,190 )
Depreciation	(5,477 )	(10,678 )
Others	24,523	455
Nondeductible expenses in determining taxable income		
Amortization of discount on bonds payable	-	4,389
Research and development tax credits from China	(74,149 )	(52,464 )
Others	5,926	1,403
Withholding tax on remittance of earnings	279,406	711,489
Tax-exempt income	(2,972 )	(33,333 )
Additional income tax on unappropriated earnings	1,146,710	866,080
5-year tax-exempt income	(7,425 )	(14,491 )
Unrecognized loss carryforwards	282,844	117,917
Adjustments for prior years' tax	(58,698 )	(9,664 )
Effects of exchange rate changes	-	(7,642 )
Income tax expense recognized in profit or loss	\$ 9,515,647	\$ 5,656,846

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in the ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other Group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2016 appropriations of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<u>Deferred tax</u>		
In respect of the current year:		
Remeasurement on defined benefit plan	\$ 401	\$ 567

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Current tax assets		
Tax refund receivable	\$ 5,839	\$ 21
Current tax liabilities		
Income tax payable	\$ 4,948,881	\$ 2,865,378

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Provision for loss on inventories	\$ 27,477	\$ 27,903	\$ -	\$ (480 )	\$ 54,900
Depreciation difference	839,574	736,342	-	(25,109 )	1,550,807
Unrealized intercompany profit	1,316,678	937,504	-	48,965	2,303,147
Unrealized sales return	89,516	(86,518 )	-	-	2,998
Defined benefit obligation	712	-	401	-	1,113
Payable for annual leave	16,139	19,916	-	(409 )	35,646
Impairment loss on property, plant and equipment	15,663	11,475	-	-	27,138
Deferred revenue	-	700,115	-	-	700,115
Others	79,687	(52,662 )	-	(861 )	26,164
	<u>2,385,446</u>	<u>2,294,075</u>	<u>401</u>	<u>22,106</u>	<u>4,702,028</u>
Tax losses	<u>22,284</u>	<u>(21,959 )</u>	<u>-</u>	<u>(325 )</u>	<u>-</u>
	<u>\$ 2,407,730</u>	<u>\$ 2,272,116</u>	<u>\$ 401</u>	<u>\$ 21,781</u>	<u>\$ 4,702,028</u>

Deferred Tax Liabilities

Temporary differences					
Depreciation difference	\$ 73,884	\$ (9,069 )	\$ -	\$ -	\$ 64,815
Unrealized foreign exchange gain	97,318	(64,240 )	-	-	33,078
Reserve for land value increment tax	12,597	-	-	-	12,597
	<u>\$ 183,799</u>	<u>\$ (73,309 )</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,490</u>

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred Tax Assets</u>					
Temporary differences					
Provision for loss on inventories	\$ 55,852	\$ (31,213 )	\$ -	\$ 2,838	\$ 27,477
Depreciation difference	474,110	335,065	-	30,399	839,574
Unrealized intercompany profit	760,164	519,307	-	37,207	1,316,678
Unrealized sales return	5,612	83,904	-	-	89,516
Defined benefit obligation	145	-	567	-	712
Payable for annual leave	12,232	3,415	-	492	16,139
Impairment loss on property, plant and equipment	-	15,663	-	-	15,663
Others	36,930	40,570	-	2,187	79,687
	<u>1,345,045</u>	<u>966,711</u>	<u>567</u>	<u>73,123</u>	<u>2,385,446</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Tax losses	\$ 49,630	\$ (29,971 )	\$ -	\$ 2,625	\$ 22,284
	<u>\$ 1,394,675</u>	<u>\$ 936,740</u>	<u>\$ 567</u>	<u>\$ 75,748</u>	<u>\$ 2,407,730</u>
<b>Deferred Tax Liabilities</b>					
Temporary differences					
Depreciation difference	\$ 87,077	\$ (13,193 )	\$ -	\$ -	\$ 73,884
Unrealized foreign exchange gain	16,610	80,708	-	-	97,318
Reserve for land value increment tax	12,597	-	-	-	12,597
Others	<u>460</u>	<u>(460 )</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 116,744</u>	<u>\$ 67,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,799</u> (Concluded)

e. Information about tax-exemption

As of December 31, 2015, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

<b>Expansion of Construction Project</b>	<b>Tax exemption Period</b>
Five years tax-exempt expansion project approved by No. 1010231575 issued by Tainan City Government	From January 1, 2011 to December 31, 2015

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

The taxable temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized amounted to NT\$103,695,031 thousand and NT\$85,027,465 thousand as of December 31, 2015 and 2014, respectively.

g. Integrated income tax

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Unappropriated earnings		
Generated before January 1, 1998	\$ 11,609	\$ 11,609
Generated on and after January 1, 1998	<u>71,728,618</u>	<u>53,019,800</u>
	<u>\$ 71,740,227</u>	<u>\$ 53,031,409</u>
Imputation credits account	<u>\$ 3,958,741</u>	<u>\$ 2,414,401</u>

The creditable ratio for distribution of earnings of 2015 and 2014 was 9.70% (expected ratio) and 7.65%, respectively.

h. Income tax assessments

The tax returns of the Company through 2013 have been assessed by the tax authorities.



## 26. 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

	<u>For the Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Profit for the period attributable to owners of the Company	\$ 25,120,856	\$ 17,877,167
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	<u>-</u>	<u>22,552</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 25,120,856</u>	<u>\$ 17,899,719</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Weighted average number of ordinary shares in computation of basic earnings per share	770,391	760,097
Effect of potentially dilutive ordinary shares:		
Convertible bonds	-	10,294
Employees' compensation or bonus issue to employees	<u>1,692</u>	<u>859</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>772,083</u>	<u>771,250</u>

Since the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus 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.

## 27. 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 1990 to April 2050. Aquila Technology (Suzhou) Co., Ltd. entered into an agreement to lease building with lease terms from November 2010 to October 2015. Aquila Technology (Suzhou) had extended the contract in September 2015. The new lease period is from November 2015 to October 2017.

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

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Not later than 1 year	\$ 19,499	\$ 14,055
Later than 1 year and not later than 5 years	22,626	17,592
Later than 5 years	<u>91,128</u>	<u>94,514</u>
	<u>\$ 133,253</u>	<u>\$ 126,161</u>

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms from March 2011 to June 2019. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

The future minimum lease payments of operating lease were as follows:

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Not later than 1 year	\$ 20,883	\$ 20,688
Later than 1 year and not later than 5 years	<u>21,135</u>	<u>41,850</u>
	<u>\$ 42,018</u>	<u>\$ 62,538</u>

## 28. 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.

## 29. FINANCIAL INSTRUMENTS

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

The Group believes the carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, debt investments with no active market, accounts receivable, other receivables, refundable deposits, short-term loans, accounts payable, other payables, and guarantee deposits received. recognized in the consolidated financial statements approximate their fair value.

b. Categories of financial instruments

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
<u>Financial assets</u>		
Loans and receivables (i)	\$ 93,984,594	\$ 69,587,711
<u>Financial liabilities</u>		
Amortized cost (ii)	37,050,697	27,665,678

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

c. 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 currency risk and interest rate 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 did 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) and interest rates (see (2) below).

There had 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 33.

### Sensitivity analysis

The Group was mainly exposed to the currencies of United States dollars (“USD”) and China Yuan Renminbi (“RMB”).

The following table details the Group’s sensitivity to a 5% increase and decrease in New Taiwan dollars (“NTD”, the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A negative number below indicates a decrease in profit before income tax that would result when NTD strengthens 5% against the relevant currency. For a 5% weakening of NTD against the relevant currency, there would be an equal and opposite impact on the profit before income tax and the balances below would be positive.

	USD impact		
	For the Year Ended December 31		
	2015	2014	
Profit or loss	\$ (2,154,596 )	\$ (1,712,701 )	i

	RMB impact		
	For the Year Ended December 31		
	2015	2014	
Profit or loss	\$ -	\$ (494,630 )	ii

- i. This was mainly attributable to the exposure to outstanding USD cash and cash equivalents, receivables, payables and borrowings which were not hedged at the end of the reporting period.
- ii. This was mainly attributable to the exposure to outstanding RMB cash and cash equivalents, which were not hedged at the end of the reporting period.

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

#### b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group 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	
	2015	2014
Fair value interest rate risk		
Financial assets	\$ 58,681,020	\$ 42,100,299
Cash flow interest rate risk		
Financial assets	6,996,648	6,030,793
Financial liabilities	22,985,500	15,527,000

### **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 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, 2015 and 2014 would decrease/increase by NT\$15,989 thousand and NT\$9,496 thousand, respectively; the change was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

The Group's sensitivity to interest rates increased during the current period mainly due to the increase in variable rate debt instruments.

## 2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could be up 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, 2015 and 2014 was as follows:

	December 31			
	2015		2014	
	Amount	%	Amount	%
Customer A	\$ 14,236,257	51	\$ 996,275	5
Customer B	5,345,901	19	4,620,453	22
Customer C	2,595,042	9	-	-
Customer D	1,084,983	4	1,061,813	5
Customer E	980,096	3	1,753,215	8
Customer F	860,297	3	2,522,306	12
Customer G	362,315	1	1,689,913	8
Customer H	34	-	5,571,809	26

### 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 the cash flow demand; therefore, liquidity risk is not considered to be significant.

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been 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 tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were 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 were 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, 2015

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 10,633,317	\$ 3,040,592	\$ -	\$ -
Variable interest rate liabilities	9,288,500	13,811,253	-	-
	<u>\$ 19,921,817</u>	<u>\$ 16,851,845</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2014

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 8,817,806	\$ 2,988,579	\$ -	\$ -
Variable interest rate liabilities	9,413,044	6,160,973	-	-
	<u>\$ 18,230,850</u>	<u>\$ 9,149,552</u>	<u>\$ -</u>	<u>\$ -</u>

The amounts included above 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

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Unsecured bank loan facility, reviewed annually and payable at call:		
Amount used	\$ 23,046,499	\$ 17,025,303
Amount unused	<u>7,782,770</u>	<u>17,964,170</u>
	<u>\$ 30,829,269</u>	<u>\$ 34,989,473</u>

### 30. TRANSACTIONS WITH RELATED PARTIES

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

a. Purchases of goods - For the year ended December 31, 2014

**Related Party Categories**

Associates	<u>\$ 51,706</u>
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The purchase prices were not significantly different from those with third parties and the payment term is 90 days after next month's closing.

b. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Short-term employee benefits	\$ 323,602	\$ 294,855
Post-employment benefits	<u>18,157</u>	<u>16,510</u>
	<u>\$ 341,759</u>	<u>\$ 311,365</u>

The remuneration of directors, supervisor and key executives was determined by the remuneration committee having regard to the performance of individuals, the performance of the Group, and the risk of the future.

### 31. ASSETS PLEDGED AS COLLATERAL

The following carrying amount of assets were provided as collateral for long-term bank borrowings:

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Land	\$ 1,547,865	\$ 1,547,865
Buildings	447,901	473,771
Investment properties	<u>188,121</u>	<u>192,565</u>
	<u>\$ 2,183,887</u>	<u>\$ 2,214,201</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2015 and 2014 were as follows:

- a. As of December 31, 2015 and 2014, the unused letters of credit of the Group for purchasing of raw materials and equipment were NT\$3,406 thousand and NT\$1,291,846 thousand, respectively.
- b. Unrecognized commitments are as follows:

	<b>December 31</b>	
	<b>2015</b>	<b>2014</b>
Acquisition of property, plant and equipment	\$ <u>13,454,964</u>	\$ <u>12,866,367</u>

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2015

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 1,759,399	32.775 (USD:NTD)	\$ 57,664,304
USD	946,999	6.4936 (USD:RMB)	31,037,878
Non-monetary Items			
Investments in associates accounted for using equity method			
USD	27,990	32.875 (USD:NTD)	918,756
<u>Financial liabilities</u>			
Monetary items			
USD	588,080	32.875 (USD:NTD)	19,333,145
USD	799,304	6.4936 (USD:RMB)	26,277,126



December 31, 2014

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,924,044	5.0670~5.1495	\$ 9,892,596
USD	667,941	31.60 (USD:NTD)	21,106,947
USD	4,086,864	6.1190 (USD:RMB)	129,144,905
Non-monetary Items			
Investments in associates accounted for using equity method			
USD	32,902	31.65 (USD:NTD)	1,041,348
<u>Financial liabilities</u>			
Monetary items			
USD	65,450	31.70 (USD:NTD)	2,074,773
USD	3,605,160	6.1190 (USD:RMB)	113,923,052

The Group is mainly exposed to USD. The following information is an aggregation of the functional currencies of the Group entities, and disclosure 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:

<b>For the Year Ended December 31</b>				
<b>2015</b>			<b>2014</b>	
<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
USD	31.739 (USD:NTD)	\$ (306,574 )	30.306 (USD:NTD)	\$ 15,294
NTD	1 (NTD:NTD)	1,514,783	1 (NTD:NTD)	1,058,655
RMB	5.0966 (RMB:NTD)	622,532	4.934 (RMB:NTD)	100,394
PHP	0.7148 (PHP:NTD)	(57 )	0.6998 (PHP:NTD)	12
		<u>\$ 1,830,684</u>		<u>\$ 1,174,355</u>

### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries and associates). (N/A)

- 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) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital. (N/A)
  - 6) Disposal 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 4)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
  - 9) Trading in derivative instruments. (N/A)
  - 10) Intercompany relationships and significant intercompany transactions. (Table 8)
  - 11) Information on investees. (Table 6)
- 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 and investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment from the mainland China area. (Table 7)
  - 2) Any of the following 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 (Tables 1, 2, 4, 5 and 8):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
    - c) The amount of property transactions and the amount of the resultant gains or losses.
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
    - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

### 35. 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 focus on the operating result 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 of 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 financial statements. Information about reportable segment sales and profit or loss is referred to the consolidated statements of comprehensive income for the years ended December 31, 2015 and 2014, and information on assets is referred to the consolidated balance sheets as of December 31, 2015 and 2014.

#### 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:

	<b>Revenue from External Customers</b>	
	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
China	\$ 45,877,627	\$ 38,263,472
United States	27,653,034	6,997,388
Taiwan	4,030,880	3,772,099
Singapore	4,028,910	4,658,051
Sweden	613,322	1,050,170
Others	<u>209,612</u>	<u>536,185</u>
	<u>\$ 82,413,385</u>	<u>\$ 55,277,365</u>
	<b>Non-current Assets</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2015</b>	<b>2014</b>
Taiwan	\$ 7,582,783	\$ 7,631,777
China	<u>55,743,625</u>	<u>47,047,525</u>
	<u>\$ 63,326,408</u>	<u>\$ 54,679,302</u>

Non-current assets excluded those classified as deferred tax assets.

b. Information about major customers

Single customers who contributed 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Customer A	\$ 27,616,363	\$ 7,779,252
Customer B	16,868,433	3,671,938
Customer C	12,860,005	10,278,774
Customer D	2,604,861	6,812,000
Customer E	<u>1,540,484</u>	<u>11,036,129</u>
	<u>\$ 61,490,146</u>	<u>\$ 39,578,093</u>

TABLE 1

## CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## FINANCING PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2015

(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	Castmate International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Temporary payments	Yes	\$ 633,000	\$ -	\$ -	-	For short-term financing	\$ -	Operating capital	\$ -	—	\$ -	\$ 115,762,580	<u>\$ 115,762,580</u>
2	Lyra International Co., Ltd.	Orion Co., Ltd.	Temporary payments	Yes	1,582,500	\$ -	-	-	For short-term financing	-	Operating capital	-	—	-	115,762,580	<u>\$ 115,762,580</u>
		Stella International Co., Ltd.	Ditto	Yes	854,620	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Vito Technology (Suqian) Co., Ltd.	Ditto	Yes	7,537,091	7,526,773	7,526,773	3.4551 ~ 3.8067	Ditto	-	Ditto	-	—	-	115,762,580	
		Cygnus International Co., Ltd.	Ditto	Yes	3,133,350	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
						<u>\$ 7,526,773</u>										
3	Stella International Co., Ltd.	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Temporary payments	Yes	3,747,180	\$ 2,100,800	2,100,800	3.452 ~ 3.8067	For short-term financing	-	Operating capital	-	—	-	115,762,580	<u>\$ 115,762,580</u>
		Catcher Technology (Suqian) Co., Ltd.	Ditto	Yes	1,899,000	-	-	3.0551 ~ 3.475	Ditto	-	Ditto	-	—	-	115,762,580	
						<u>\$ 2,100,800</u>										
4	Gigamag Co., Ltd.	Hoppi Co., Ltd.	Temporary payments	Yes	420,945	\$ -	-	-	For short-term financing	-	Operating capital	-	—	-	115,762,580	<u>\$ 115,762,580</u>
		Orion Co., Ltd.	Ditto	Yes	1,582,500	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Lyra International Co., Ltd.	Ditto	Yes	6,409,650	6,400,875	5,248,491	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Cygnus International Co., Ltd.	Ditto	Yes	9,729,520	9,716,200	8,139,294	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Nanomag International Co., Ltd.	Ditto	Yes	3,944,400	3,939,000	2,482,227	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Stella International Co., Ltd.	Ditto	Yes	2,971,448	1,969,500	1,683,266	-	Ditto	-	Ditto	-	—	-	115,762,580	
						<u>\$ 22,025,575</u>										
5	Catcher Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Temporary payments	Yes	2,605,641	\$ 2,578,050	2,578,050	1.75 ~ 2.491	For short-term financing	-	Operating capital	-	—	-	115,762,580	<u>\$ 115,762,580</u>
		Arcadia Technology (Suqian) Co., Ltd.	Ditto	Yes	2,391,015	2,391,015	1,061,550	1.5 ~ 2.75	Ditto	-	Ditto	-	—	-	115,762,580	
		Topo Technology (Taizhou) Co., Ltd.	Ditto	Yes	252,390	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
						<u>\$ 4,969,065</u>										
6	Avatar Co., Ltd.	Stella International Co., Ltd.	Temporary payments	Yes	1,820,740	\$ -	-	-	For short-term financing	-	Operating capital	-	—	-	115,762,580	<u>\$ 115,762,580</u>
		Orion Co., Ltd.	Ditto	Yes	7,912,500	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Cygnus International Co., Ltd.	Ditto	Yes	1,851,600	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Gigamag Co., Ltd.	Ditto	Yes	15,683	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
						<u>\$ -</u>										

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
7	Hoppi Co., Ltd.	Orion Co., Ltd.	Temporary payments	Yes	1,582,500	\$ -	\$ -	-	For short-term financing	\$ -	Operating capital	\$ -	—	\$ -	115,762,580	
		Stella International Co., Ltd.	Ditto	Yes	1,076,100	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Nanomag International Co., Ltd.	Ditto	Yes	3,269,445	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Cygnus International Co., Ltd.	Ditto	Yes	1,902,780	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Castmate International Co., Ltd.	Ditto	Yes	306,200	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
		Lyra International Co., Ltd.	Ditto	Yes	925,800	-	-	-	Ditto	-	Ditto	-	—	-	115,762,580	
						<u>\$ -</u>										<u>\$ 115,762,580</u>
8	Topo Technology (Suzhou) Co., Ltd.	Orion Co., Ltd.	Other receivables	Yes	978	\$ -	-	-	Business relationship	529	-	-	—	-	529	
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Temporary payments	Yes	1,033,440	505,500	505,500	2.25~2.5	For short-term financing	-	Operating capital	-	—	-	115,762,580	
9	Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Temporary payments	Yes	14,982,500	\$ 11,193,325	11,193,325	3.4551~3.8067	For short-term financing	-	Operating capital	-	—	-	115,762,580	
		Vito Technology (Suqian) Co., Ltd.	Ditto	Yes	1,969,500	1,969,500	1,969,500	3.4551~3.8067	Ditto	-	Ditto	-	—	-	115,762,580	
						<u>\$ 13,162,825</u>										<u>\$ 115,762,580</u>
						<u>\$ 1,496,280</u>	1,496,280	2.50	For short-term financing	-	Operating capital	-	—	-	115,762,580	<u>\$ 115,762,580</u>
10	Catcher Technology (Suzhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Temporary payments	Yes	2,170,224	<u>\$ 1,496,280</u>	1,496,280	2.50	For short-term financing	-	Operating capital	-	—	-	115,762,580	<u>\$ 115,762,580</u>
11	Nanomag International Co., Ltd.	Cygnus International Co., Ltd.	Temporary payments	Yes	4,273,100	\$ 4,267,250	4,170,974	-	For short-term financing	-	Operating capital	-	—	-	115,762,580	
		Lyra International Co., Ltd.	Ditto	Yes	1,972,200	1,969,500	1,969,434	-	Ditto	-	Ditto	-	—	-	115,762,580	
						<u>\$ 6,236,750</u>										<u>\$ 115,762,580</u>

(Concluded)

Note 1: The upper limit of the 100% owned subsidiaries held directly or indirectly by the Company is equivalent to 100% of the net asset value of financier as of December 31, 2015, but the upper limit of those with business transactions is no more than the needed amount for operation.

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 of financier as of December 31, 2015.

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 sheet.

TABLE 2

## CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given On Behalf of Companies in Mainland China
		Name	Relationship										
0	Catcher Technology Co., Ltd.	Orion Co., Ltd.	Subsidiary (indirectly held 100%)	\$ 57,881,290	\$ 10,154,250	\$ -	\$ -	\$ -	-	\$ 115,762,580	Y	N	N
1	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	57,881,290	65,740	\$ 65,650	\$ -	\$ -	0.06	\$ 115,762,580	N	N	Y

Note 1: The upper limit for the Company is equivalent to 50% of the net asset value of the Company as of December 31, 2015.

Note 2: The upper limit for the Company is equivalent to 100% of the net asset value of the Company as of December 31, 2015.

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 sheet.

TABLE 3

## CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE YEAR ENDED DECEMBER 31, 2015  
 (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	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Topo Technology (Suzhou) Co., Ltd.	RMB Financial Products	Other financial assets		—	-	\$ -	233,500,000	\$ 1,190,056 (RMB 233,500,000)	233,500,000	\$ 1,193,954 (RMB 234,264,805)	\$ 1,190,056 (RMB 233,500,000)	\$ 3,898 (RMB 764,805)	-	\$ -
	RMB Financial Products	Other financial assets		—	-	-	181,500,000	925,033 (RMB 181,500,000)	181,500,000	930,085 (RMB 182,491,327)	925,033 (RMB 181,500,000)	5,052 (RMB 991,327)	-	-
	RMB Financial Products	Other financial assets		—	-	-	223,000,000	1,136,542 (RMB 223,000,000)	223,000,000	1,139,259 (RMB 223,533,170)	1,136,542 (RMB 223,000,000)	2,717 (RMB 533,170)	-	-
	RMB Financial Products	Other financial assets		—	-	-	267,070,000	1,361,149 (RMB 267,070,000)	267,070,000	1,365,623 (RMB 267,947,893)	1,361,149 (RMB 267,070,000)	4,474 (RMB 877,893)	-	-
Meecca Technology (Suzhou Industrial Park) Co., Ltd.	RMB Financial Products	Other financial assets		—	-	-	894,000,000	4,556,360 (RMB 894,000,000)	894,000,000	4,571,583 (RMB 896,986,880)	4,556,360 (RMB 894,000,000)	15,223 (RMB 2,986,880)	-	-
	RMB Financial Products	Other financial assets		—	-	-	152,000,000	774,683 (RMB 152,000,000)	152,000,000	777,268 (RMB 152,507,191)	774,683 (RMB 152,000,000)	2,585 (RMB 507,191)	-	-
	RMB Financial Products	Other financial assets		—	-	-	892,000,000	4,546,167 (RMB 892,000,000)	892,000,000	4,551,090 (RMB 892,965,930)	4,546,167 (RMB 892,000,000)	4,923 (RMB 965,930)	-	-
Vito Technology (Suqian) Co., Ltd. Catcher Technology (Suqian) Co., Ltd. Catcher Technology (Suzhou) Co., Ltd.	RMB Financial Products	Other financial assets		—	-	-	1,283,100,000	6,539,447 (RMB 1,283,100,000)	1,283,100,000	6,544,009 (RMB 1,283,995,034)	6,539,447 (RMB 1,283,100,000)	4,562 (RMB 895,034)	-	-
	RMB Financial Products	Other financial assets		—	-	-	692,700,000	3,530,415 (RMB 692,700,000)	692,700,000	3,533,026 (RMB 693,212,434)	3,530,415 (RMB 692,700,000)	2,611 (RMB 512,434)	-	-
	RMB Financial Products	Other financial assets		—	-	-	540,500,000	2,754,712 (RMB 540,500,000)	540,500,000	2,762,771 (RMB 542,081,102)	2,754,712 (RMB 540,500,000)	8,059 (RMB 1,581,102)	-	-
	RMB Financial Products	Other financial assets		—	-	-	167,500,000	853,681 (RMB 167,500,000)	167,500,000	856,678 (RMB 168,088,212)	853,681 (RMB 167,500,000)	2,997 (RMB 588,212)	-	-
Topo Technology (Taizhou) Co., Ltd.	RMB Financial Products	Other financial assets		—	-	-	3,935,100,000	20,055,631 (RMB 3,935,100,000)	3,935,100,000	20,070,099 (RMB 3,937,938,849)	20,055,631 (RMB 3,935,100,000)	14,468 (RMB 2,838,849)	-	-
Nanomag International Co., Ltd.	Uranus International Co., Ltd.	Investments accounted for using equity method		100% owned subsidiary	324,107,763	29,840,667 (USD 942,833,093)	74,901,620	10,235,932 (USD 278,083,846)	-	-	-	-	399,009,383	40,076,599 (USD 1,220,916,939)
Uranus International Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Investments accounted for using equity method		100% owned subsidiary	-	5,012,685 (USD 158,378,664)	-	7,029,665 (USD 208,486,527)	-	-	-	-	-	12,042,350 (USD 366,865,191)
Nanomag International Co., Ltd.	Norma International Co., Ltd.	Investments accounted for using equity method		100% owned subsidiary	1,000,000	31,632 (USD 999,443)	73,200,000	2,266,031 (USD 68,997,919)	-	-	-	-	74,200,000	2,297,663 (USD 69,997,362)
Norma International Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Investments accounted for using equity method		100% owned subsidiary	-	31,632 (USD 999,443)	-	2,266,090 (USD 68,999,707)	-	-	-	-	-	2,297,722 (USD 69,999,150)

Note 1: Including incremental investment US\$74,901,620, share of profit of associates accounted using equity method US\$272,985,534, and exchange loss on translating foreign operations US\$69,803,308.

Note 2: Including incremental investment US\$74,901,620, share of profit of associates accounted using equity method US\$151,416,067, and exchange loss on translating foreign operations US\$17,831,160.

Note 3: Including incremental investment US\$73,200,000, share of loss of associates accounted using equity method US\$1,441,679, and exchange loss on translating foreign operations US\$2,760,402.

Note 4: Including incremental investment US\$73,200,000, share of loss of associates accounted using equity method US\$1,439,891, and exchange loss on translating foreign operations US\$2,760,402.



TABLE 4

## CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2015

(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	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Catcher Technology Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Subsidiary	Sales	\$ 108,932	-	Net 90 days after monthly closing	No comparable sales prices for general customers	Equivalent	\$ -	-	
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Subsidiary	Sales	112,129	-	Net 90 days after monthly closing	No comparable sales prices for general customers	Equivalent	13,141	-	
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	Sales	1,625,622	4	Net 30 to 90 days after monthly closing	Equivalent	Equivalent	271,416	1	
	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	43,913,806	96	Net 30 to 120 days after monthly closing	No comparable sales prices for general customers	Equivalent	18,094,880	90	
Catcher Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	2,597,420	14	Net 30 to 120 days after monthly closing	No comparable sales prices for general customers	Equivalent	905,746	13	
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	157,237	1	Net 30 to 120 days after monthly closing	Equivalent	Equivalent	925	-	
Topo Technology (Taizhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	Sales	27,779,004	100	Net 30 to 90 days after monthly closing	Equivalent	Equivalent	8,707,862	99	
Vito Technology (Suqian) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	296,527	2	Net 30 to 120 days after monthly closing	Equivalent	Equivalent	32,290	-	
	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	1,499,372	11	Net 30 to 120 days after monthly closing	No comparable sales prices for general customers	Equivalent	27,920	-	
Aquila Technology (Suzhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	Sales	9,831,166	68	Net 30 to 90 days after monthly closing	Equivalent	Equivalent	9,482,220	90	
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	Sales	854,909	86	Net 120 days after monthly closing	Equivalent	Equivalent	569,219	95	
Topo Technology (Suzhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	Sales	156,518	6	Net 30 to 90 days after monthly closing	Equivalent	Equivalent	94,338	15	
	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	Sales	129,345	5	Net 30 to 90 days after monthly closing	Equivalent	Equivalent	61,656	10	

TABLE 5

## 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, 2015

(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		
Catcher Technology Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Subsidiary	\$ 1,353,407	- (Note 2)	\$ -	Not applicable	\$ 1,001,556	\$ -
Catcher Technology (Suzhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	\$ 1,496,280	- (Note 1)	-	Not applicable	-	-
Topo Technology (Suzhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	\$ 505,500	- (Note 1)	-	Not applicable	505,500	-
	Arcadia Technology (Suqian) Co., Ltd.	Ditto	107,625	- (Note 2)	-	Not applicable	-	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	\$ 271,416	3.41	-	Not applicable	218,592	-
	Vito Technology (Suqian) Co., Ltd.	Ditto	479,604	- (Note 2)	-	Not applicable	211,945	-
	Cather Technology Co., Ltd.	Ultimate parent company	18,094,880	4.63	-	Not applicable	9,742,176	-
Catcher Technology (Suqian) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	\$ 1,603,143	- (Note 2)	-	Not applicable	-	-
	Vito Technology (Suqian) Co., Ltd.	Ditto	2,578,050	- (Note 1)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Ditto	1,061,550	- (Note 1)	-	Not applicable	-	-
	Catcher Technology Co., Ltd.	Ultimate parent company	905,746	5.65	-	Not applicable	160,139	-
Aquila Technology (Suzhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	\$ 569,219	2.31	-	Not applicable	197,756	-
Topo Technology (Taizhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	\$ 8,707,862	-	-	Not applicable	3,626,746	-
Vito Technology (Suqian) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	\$ 191,205	- (Note 2)	-	Not applicable	189,567	-
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	9,482,220	2.05	-	Not applicable	3,212,546	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Lyra International Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	\$ 7,526,773	- (Note 1)	\$ -	Not applicable	\$ -	\$ -
Stella International Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	\$ 2,100,800	- (Note 1)	-	Not applicable	-	-
Gigamag Co., Ltd.	Cygnus International Co., Ltd.	Same ultimate parent company	\$ 8,139,294	- (Note 1)	-	Not applicable	-	-
	Stella International Co., Ltd.	Ditto	1,683,266	- (Note 1)	-	Not applicable	-	-
	Nanomag International Co., Ltd.	Ditto	2,482,227	- (Note 1)	-	Not applicable	747,254	-
	Lyra International Co., Ltd.	Ditto	5,248,491	- (Note 1)	-	Not applicable	187,037	-
Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	\$ 11,193,325	- (Note 1)	-	Not applicable	-	-
	Vito Technology (Suqian) Co., Ltd.	Ditto	1,969,500	- (Note 1)	-	Not applicable	-	-
Nanomag International Co., Ltd.	Cygnus International Co., Ltd.	Same ultimate parent company	\$ 4,170,974	- (Note 1)	-	Not applicable	-	-
	Lyra International Co., Ltd.	Ditto	1,969,434	- (Note 1)	-	Not applicable	-	-

(Concluded)

Note 1: The ending balance of financing provided is not applicable for the calculation of turnover ratio.

Note 2: The ending balance of receivable from disposal of property, plant and equipment is not applicable for the calculation of turnover ratio.

TABLE 6

## CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(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, 2015			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note
				December 31, 2015	December 31, 2014	Shares	%	Carrying Amount			
Catcher Technology Co., Ltd.	Gigamag Co., Ltd.	Offshore Chambers,P.O.Box 217, Apia, Samoa	Investing activities	\$ 484,941	\$ 484,941	14,377,642	100	\$ 16,975,023	\$ 23,954	\$ 236,744	
	Nanomag International Co., Ltd.	Scotia Centre, 4th Floor, P.O.Box 2804, George Town,Grand Cayman, Cayman Islands	Ditto	1	3,678,144	30	100	84,528,876	19,545,067	19,959,665	
	Amity Capital Inc.	1F., No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	Ditto	-	29,000	-	-	-	12	12	
	I-Catcher Optoelectronics Corp.	1F., No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	Manufacturing and selling molds and electronic parts	-	5,000	-	-	-	(16 )	(16 )	
	Sinher Technology Co., Ltd.	10F-1., No. 29-1, Ln. 169, Kangning St., Xizhi Dist. New Taipei City 221, Taiwan (R.O.C.)	Manufacturing electronic parts	76,925	80,887	10,715,917	14.6	408,345	436,946	63,578	
	Epileds Technology Inc.	5F, No. 2 Chuangye Rd., Xinshi Dist. Tainan City 744, Taiwan (R.O.C.)	Manufacturing and selling LED wafer and chip	100,115	100,115	7,347,144	7.3	148,035	22,091	1,209	
	Yue-Kang Health Control Technology Inc.	1F., No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	Health and medical treatment consultant	20,000	12,000	2,000,000	40	(1,397 )	(13,156 )	(5,262 )	
	Kon-Cheng Accuracy Co., Ltd.	No. 113, Wugong 2nd Road, Wugu Dist., New Taipei City 248, Taiwan (R.O.C.)	Manufacturing plastic products	2,720	14,000	272,000	40	(105 )	(7,005 )	(2,432 )	
	Hoppi Co., Ltd.	Offshore Chambers, P.O.Box 217, Apia Samoa	International trading	-	150,954	-	-	-	(43,250 )		
	Avatar Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Ditto	-	( USD 4,598,742 )	-	-	-	(21,341 )		
Nanomag International Co., Ltd.	Leo Co., Ltd.	Offshore Chambers, P.O.Box 217, Apia Samoa	Ditto	-	227,743	-	-	-	1,716		
	Orion Co., Ltd.	Offshore Chambers, P.O.Box 217, Apia Samoa	Ditto	-	( USD 6,938,100 )	-	-	-	(45,661 )		
	Saturn Trading Ltd.	Portcullis Trust Net Chambers, P.O. Box 1225, Apia Samoa	Ditto	-	492,375	-	-	-	1,225		
	Artery Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Ditto	328	( USD 5,000,000 )	10,000	100	1,564	292		
	Castmate International Co., Ltd.	P. O. Box 3443 Road Town, Tortola, British Virgin Island	Ditto	( USD 10,000 )	20,762	-	-	-	3,905,015		
	Stella International Co., Ltd.	Scotia Centre, 4th Floor, P.O.Box 2804, George Town,Grand Cayman, Cayman Islands	Ditto	114,218	( USD 632,495 )	3,479,591	100	18,415,288	8,058,407		
	Aquila International Co., Ltd.	Scotia Centre, 4th Floor, P.O.Box 2804, George Town,Grand Cayman, Cayman Islands	Ditto	( USD 3,479,591 )	1,127,525	177,595,233	100	20,230,229	251,018		
	Uranus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Ditto	5,829,564	( USD 210,895,233 )	1,050,000	75	463,115	9,895,477		
	Grus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Ditto	36,764	10,638,837	399,009,383	100	40,076,599	(40,671 )		
	Norma International Co., Ltd.	Unit 1202, 12/F., Ruttonjee House, 11 Duddell Street Central, Hong Kong	Ditto	( USD 399,009,383 )	( USD 324,107,763 )	30,003,618	100	872,537	(47,100 )		
Artery Co., Ltd.	Catcher Technology Phils Inc.	#24 Innovative Street. Subic Bay Industrial Park Phase-1, Subic Bay Freeport Zone, Philippines	Manufacturing, selling and developing varied metal products	2,435,615	32,825	74,200,000	100	2,297,663	(81 )		
	Cygnus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	( USD 74,200,000 )	4,071	-	-	-	3,905,932		
	Lyra International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	3,560,700	( USD 139,345,259 )	108,475,259	100	17,751,558	7,938,614		
	Cepheus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	( USD 108,475,259 )	7,906,541	207,569,501	100	21,351,944	251,061		
	Sagitta International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	6,813,469	( USD 240,869,501 )	1,400,000	100	615,880	(42,795 )		
				( USD 207,569,501 )	45,955	29,913,748	95	870,250			
				( USD 1,400,000 )	981,919						
				981,919	( USD 29,913,748 )						
				( USD 29,913,748 )							

Note 1 : Share of profits (losses) is only reflected for the subsidiaries invested directly and the investments accounted for by the equity method.

Note 2 : Information on investment in mainland China is provided in Table 7.

TABLE 7

## CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note12)	Method of Investment (Note1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2015 (Note 12)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2015 (Note 12)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2015	Accumulated Repatriation of Investment Income as of December 31, 2015
					Outward	Inward						
Catcher Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	\$ 328,578 ( USD 10,010,000 )	2.Cygnus International Co., Ltd. ( Note 8 )	\$ 1,094,386 ( USD 33,340,000 )	\$ -	\$ -	\$ 1,094,386 ( USD 33,340,000 )	\$ 86,133	100	\$ 86,133 2.(2)	\$ 2,345,658	\$ -
Topo Technology (Suzhou) Co., Ltd.	Ditto	2,527,853 ( USD 77,010,000 )	2.Lyra International Co., Ltd. ( Notes 4 and 5 )	1,324,161 ( USD 40,340,000 )	-	-	1,324,161 ( USD 40,340,000 )	(1,129,336 )	100	(1,129,336 ) 2.(2)	5,377,050	-
Topo Technology (Taizhou) Co., Ltd.	Ditto	6,360,302 ( RMB 829,779,072 ) ( USD 65,979,240 )	2.Lyra International Co., Ltd. ( Note 9 )	-	-	-	-	9,210,330	100	9,210,330 2.(2)	15,660,482	-
Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	3,479,450 ( USD 106,000,000 )	2.Cygnus International Co., Ltd. ( Note 6 )	-	-	-	-	3,425,351	100	3,425,351 2.(2)	13,695,379	-
Catcher Technology (Suqian) Co., Ltd.	Ditto	6,565,000 ( USD 200,000,000 )	2.Uranus International Co., Ltd. ( Note 7 )	3,118,342 ( USD 94,999,000 )	-	-	3,118,342 ( USD 94,999,000 )	5,033,770	100	5,033,770 2.(2)	29,404,891	-
Vito Technology (Suqian) Co., Ltd.	Ditto	6,412,422 ( USD 132,300,000 ) ( RMB 409,431,280 )	2.Uranus International Co., Ltd. ( Note 10 )	-	-	-	-	4,861,707	100	4,861,707 2.(2)	12,042,350	-
Arcadia Technology (Suqian) Co., Ltd.	Ditto	2,435,615 ( USD 74,200,000 )	2.Norma International Co., Ltd. ( Note 11 )	-	-	-	-	(47,042 )	100	(47,042 ) 2.(2)	2,297,722	-
Aquila Technology (Suzhou) Co., Ltd.	Manufacturing and selling molds and electronic parts	45,955 ( USD 1,400,000 )	2.Cepheus International Co., Ltd.	36,764 ( USD 1,120,000 )	-	-	36,764 ( USD 1,120,000 )	255,542	75	191,657 2.(2)	604,355	-
WIT Technology (Taizhou) Co., Ltd. (Note 13)	Researching, developing and manufacturing communication electron products	-	2.Cetus International Co., Ltd.	-	-	-	-	-	70	-	-	-
Chaohu Yunhai Magnesium Co., Ltd.	Manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metal	1,112,100 ( RMB 220,000,000 )	2.Sagitta International Co., Ltd.	724,839 ( USD 22,081,923 )	-	-	724,839 ( USD 22,081,923 )	(87,110 )	49	(40,430 ) 2.(2)	918,755	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015 (Note 12)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 12 and 13)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$ 6,298,491 ( USD 191,880,923 )	\$ 30,566,500 ( USD 740,359,240 ) ( RMB 1,239,210,352 )	\$ 69,457,548

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) Other.

Note 3: The upper limit on investment in mainland China is calculated as:  
 $\$115,762,580 \times 60\% = \$69,457,548$

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\$33,000,000 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., and then reinvested in Topo Technology (Suzhou) Co., Ltd..

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., then invested in Meecca Technology (Suzhou Industrial Park) Co., Ltd., and the paid-in capital of US\$16,670,000 is earnings distributed in the third quarter of 2011. Thereafter, the amount of US\$16,670,000 is returned by capital reduction in the fourth quarter of 2014.

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., and then invested in Catcher Technology (Suqian) Co., Ltd.. The paid-in capital of US\$100,000,000, which is self-funding of Nanomag International Co., Ltd., is 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 is returned by capital reduction in the second quarter of 2014.

Note 9: The paid-in capital of RMB\$227,510,746 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., and then invested in Topo Technology (Taizhou) Co., Ltd.. On the other hand, US\$ 65,977,240 and RMB\$ 602,268,326 are earnings distributed from the investees in mainland China to Nanomag International Co., Ltd., and 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., and then invested in Vito Technology (Suqian) Co., Ltd. via Uranus International Co., Ltd.. The paid-in capital of US\$33,300,000, which is self-funding of Nanomag Co., Ltd., is invested in Vito Technology (Suqian) Co., Ltd. through Uranus International Co., Ltd.. Then, the amount of RMB\$ 409,431,280 is earnings distributed from Topo Technology (Suzhou) CO., Ltd. to Uranus International Co., Ltd., then invested in Vito Technology (Suqian) Co., Ltd..

Note 11: The paid-in capital of US\$9,793,428 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., and then invested in Arcadia Technology (Suqian) Co., Ltd.. The paid-in capital of US\$236,572, which is the self-funding of Nanomag International Co., Ltd., is invested in Arcadia Technology (Suqian) Co., Ltd. through Norma International Co., Ltd.. Then, the paid-in capital of US\$64,170,000, which is the proceeds arising from capital reduction of Catcher Technology (Suzhou) Co., Ltd., Topo Technology (Suzhou) CO., Ltd., and Meecca Technology (Suzhou Industrial Park) Co., Ltd., is invested in Arcadia Technology (Suqian) Co., Ltd. through Norma International Co., Ltd..

Note 12: The exchange rate is one US\$ for 32.825 New Taiwan dollars on December 31, 2015.  
 The exchange rate is one RMB for 5.0550 New Taiwan dollars on December 31, 2015.

Note 13: WIT Technology (Taizhou) Co., Ltd. was dissolved in June 2012, and the remaining amount of capital has not been wired back to Taiwan.

TABLE 8

## CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## SIGNIFICANT INTERCOMPANY TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2015

(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.	Topo Technology (Suzhou) Co., Ltd.	1	Purchases of property, plant and equipment	\$ 16,757	The purchase prices were bargained, net 90 days after acceptance	0.02
				Sales	108,932	The sales prices have no comparison with those from third parties, net 90 days after monthly closing	0.13
				Purchases	64,407	The purchase prices have no comparison with those from third parties, net 30 to 120 days after monthly closing	0.08
		Catcher Technology (Suqian) Co., Ltd.	1	Other payables to related parties	21,844		0.01
				Payables to related parties	905,746		0.53
				Receivables from related parties	23,635		0.01
				Purchases	2,597,420	The purchase prices have no comparison with those from third parties, net 30 to 120 days after monthly closing	3.15
				Sales	55,886	The sales prices have no comparison with those from third parties, net 90 days after monthly closing	0.07
				Purchases of property, plant and equipment on behalf of subsidiaries	700,214	The purchase prices were bargained, net 90 days after monthly closing	0.85
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	1	Receivables from related parties	13,141		0.01
				Sales	112,129	The sales prices have no comparison with those from third parties, net 90 days after monthly closing	0.14
				Purchases of property, plant and equipment on behalf of subsidiaries	124,323	The purchase prices were bargained, net 90 days after monthly closing	0.15
				Payables to related parties	18,094,880		10.55
				Purchases	43,913,806	The purchase prices have no comparison with those from third parties, net 30 to 120 days after monthly closing	53.28
		Vito Technology (Suqian) Co., Ltd.	1	Payables to related parties	27,920		0.02
				Other receivables from related parties	1,353,407		0.79
				Sales	48,663	The sales prices have no comparison with those from third parties, net 90 days after monthly closing	0.06
				Purchases of property, plant and equipment on behalf of subsidiaries	4,950,214	The purchase prices were bargained, net 90 days after monthly closing	6.01
				Purchases	1,499,372	The purchase prices have no comparison with those from third parties, net 30 to 120 days after monthly closing	1.82
		Topo Technology (Taizhou) Co., Ltd.	1	Receivables from related parties	9,247		0.01
				Sales	32,106	The sales prices have no comparison with those from third parties, net 90 days after monthly closing	0.04
1	Catcher Technology (Suzhou) Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	3	Disposal of property, plant and equipment	22,436	The sales prices were bargained, net 120 days after acceptance	0.03
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3	Interest income	36,911		0.04
				Temporary payments	1,496,280		0.87

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
2	Topo Technology (Suzhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3	Other receivables from related parties	\$ 21,159		0.01
				Other income	238,391		0.29
				Sales	46,881	The sales prices were not different to third parties, net 30 to 90 days after monthly closing	0.06
				Disposal of property, plant and equipment	164,660	The sales prices were bargained, net 120 days after acceptance	0.2
				Temporary payments	505,500		0.29
				Purchases	14,482	The purchase prices were not different to third parties, net 30 to 90 days after monthly closing	0.02
				Receivables from related parties	25,904		0.02
				Interest income	11,411		0.01
		Catcher Technology (Suqian) Co., Ltd.	3	Purchases	27,665	The purchase prices were not different to third parties, net 30 to 90 days after monthly closing	0.03
				Sales	37,793	The sales prices were not different to third parties, net 30 to 90 days after monthly closing	0.05
				Disposal of property, plant and equipment	18,251	The sales prices were bargained, net 120 days after acceptance	0.02
				Receivables from related parties	11,571		0.01
				Sales	129,345	The sales prices were not different to third parties, net 30 to 90 days after monthly closing	0.16
				Other income	76,969		0.09
		Topo Technology (Taizhou) Co., Ltd.	3	Disposal of property, plant and equipment	86,629	The sales prices were bargained, net 120 days after acceptance	0.11
				Receivables from related parties	61,656		0.04
				Sales	156,518	The sales prices were not different to third parties, net 30 to 90 days after monthly closing	0.19
				Other income	55,867		0.07
				Purchases	11,544	The purchase prices were not different to third parties, net 30 to 90 days after monthly closing	0.01
				Disposal of property, plant and equipment	70,615	The sales prices were bargained, net 120 days after acceptance	0.09
		Vito Technology (Suqian) Co., Ltd.	3	Receivables from related parties	94,338		0.05
				Purchases	78,819	The purchase prices were not different to third parties, net 120 days after monthly closing	0.1
				Sales	15,659	The sales prices were not different to third parties, net 30 to 90 days after monthly closing	0.02
				Receivables from related parties	9,538		0.01
				Payables to related parties	8,193		-
				Disposal of property, plant and equipment	103,160	The sales prices were bargained, net 120 days after acceptance	0.13
		Aquila Technology (Suzhou) Co., Ltd.	3	Other receivables from related parties	107,625		0.06
		Arcadia Technology (Suqian) Co., Ltd.	3				

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
3	Meecca Technology (Suzhou Industrial Park) Co., Ltd.	Stella International Co., Ltd.	3	Other payables to related parties	\$ 2,100,800		1.22
		Catcher Technology (Suqian) Co., Ltd.	3	Interest expense	107,540		0.13
				Other income	174,913		0.21
				Disposal of property, plant and equipment	75,196	The sales prices were bargained, net 120 days after acceptance	0.09
		Topo Technology (Taizhou) Co., Ltd.	3	Receivables from related parties	19,974		0.01
				Sales	1,625,622	The sales prices were not different to third parties, net 30 to 90 days after monthly closing	1.97
				Other income	158,400		0.19
				Receivables from related parties	271,416		0.16
				Other receivables from related parties	41,893		0.02
				Purchases	27,779,004	The purchase prices were not different to third parties, net 30 to 90 days after monthly closing	33.71
				Payables to related parties	8,707,862		5.08
		Vito Technology (Suqian) Co., Ltd.	3	Disposal of property, plant and equipment	87,547	The sales prices were bargained, net 120 days after acceptance	0.11
				Other receivables from related parties	479,604		0.28
				Sales	61,843	The sales prices were not different to third parties, net 30 to 90 days after monthly closing	0.08
				Other income	86,765		0.11
				Disposal of property, plant and equipment	558,699	The sales prices were bargained, net 120 days after acceptance	0.68
				Purchases	9,831,166	The purchase prices were not different to third parties, net 30 to 90 days after monthly closing	11.93
				Processing expense	116,691		0.14
				Receivables from related parties	22,033		0.01
				Payables to related parties	9,482,220		5.53
				Other payables to related parties	24,440		0.01
		Aquila Technology (Suzhou) Co., Ltd.	3	Payables to related parties	569,219		0.33
				Purchases	854,909	The purchase prices were not different to third parties, net 120 days after monthly closing	1.04
				Other income	62,920		0.08
				Receivables from related parties	26,769		0.02

(Continued)



No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
4	Catcher Technology (Suqian) Co., Ltd.	Leo Co., Ltd.	3	Sales	\$ 56,110	The sales prices were not different to third parties, net 30 to 90 days after monthly closing	0.07
				Purchases	55,962	The purchase prices were not different to third parties, net 30 to 90 days after monthly closing	0.07
		Stella International Co., Ltd. Vito Technology (Suqian) Co., Ltd.	3	Interest expense	14,647		0.02
			3	Other receivables from related parties	84,391		0.05
		Topo Technology (Taizhou) Co., Ltd.	3	Sales	157,237	The sales prices were not different to third parties, net 30 to 120 days after monthly closing	0.19
				Other income	20,254		0.02
				Disposal of property, plant and equipment	116,590	The sales prices were bargained, net 120 days after acceptance	0.14
				Temporary payments	2,578,050		1.5
				Interest income	22,989		0.03
				Other receivables from related parties	1,603,143		0.93
				Disposal of property, plant and equipment	1,388,314	The sales prices were bargained, net 120 days after acceptance	1.68
				Purchases	35,495	The purchase prices were not different to third parties, net 30 to 120 days after monthly closing	0.04
				Purchases of property, plant and equipment	21,352	The purchase prices were bargained, net 120 days after acceptance	0.03
				Other income	18,853		0.02
		Aquila Technology (Suzhou) Co., Ltd.	3	Receivables from related parties	11,808		0.01
				Purchases	31,706	The purchase prices were not different to third parties, net 30 to 120 days after monthly closing	0.04
				Other income	10,457		0.01
		Arcadia Technology (Suqian) Co., Ltd.	3	Temporary payments	1,061,550		0.62
				Interest income	13,000		0.02
5	Topo Technology (Taizhou) Co., Ltd.	Cygnus International Co., Ltd.	3	Other payables to related parties	11,193,325		6.52
				Interest expense	431,110		0.52
		Vito Technology (Suqian) Co., Ltd.	3	Processing expense	35,469		0.04
				Other payables to related parties	191,205		0.11
				Sales	33,929	The sales prices were not different to third parties, net 90 days after monthly closing	0.04
				Receivables from related parties	11,347		0.01
				Purchases of property, plant and equipment	162,023	The purchase prices were bargained, net 120 days after acceptance	0.2
				Payables to related parties	61,879		0.04
6	Vito Technology (Suqian) Co., Ltd.	Lyra International Co., Ltd.	3	Interest expense	141,992		0.17
				Other payables to related parties	7,526,773		4.39
		Cygnus International Co., Ltd.	3	Other payables to related parties	1,969,500		1.15
				Interest expense	41,790		0.05

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
7	Gigamag Co., Ltd.	Aquila Technology (Suzhou) Co., Ltd.	3	Purchases	\$ 22,630	The purchase prices were not different to third parties, net 30 to 120 days after monthly closing.	0.03
		Arcadia Technology (Suqian) Co., Ltd.	3	Payables to related parties	13,531	The sales prices were bargained, net 120 days after acceptance	0.01
				Disposal of property, plant and equipment	10,081		0.01
		Catcher Technology (Suqian) Co., Ltd.	3	Other receivables from related parties	11,698	The sales prices were not different to third parties, net 30 to 120 days after monthly closing	0.01
				Sales	296,527		0.36
				Other income	54,788		0.07
				Receivables from related parties	32,290		0.02
		Cygnus International Co., Ltd.	3	Temporary payments	8,139,294		4.74
		Stella International Co., Ltd.	3	Temporary payments	1,683,266		0.98
		Nanomag International Co., Ltd.	3	Temporary payments	2,482,227		1.45
8	Nanomag International Co., Ltd.	Lyra International Co., Ltd.	3	Temporary payments	5,248,491		3.06
		Cygnus International Co., Ltd.	3	Temporary payments	4,170,974		2.43
		Lyra International Co., Ltd.	3	Temporary payments	1,969,434		1.15

(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.