Stock Code: 2474

CATCHER TECHNOLOGY CO., LTD
2016 Annual Report

<u>DISCLAIMER:</u>

CATCHER's Annual Report has been translated into English from the original Chinese version prepared and used in Taiwan, 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 version shall prevail. Notice to readers
This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System: http://newmops.twse.com.tw
Catcher Technology's Annual Report is available at: http://www.catcher-group.com

Printed on March 31st, 2017

1. **Name, title, telephone number, and e-mail address of the spokesperson and acting spokesperson**

<u>**Spokesperson**</u>

Name: James Wu

Title: Vice President

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Email：james.wu2@catcher-group.com

<u>**Acting Spokesperson**</u>

Name: Pi-Fen Huang

Title: Manager of HR Department

TEL: +886-6-203-9900#1101

Email： IR@catcher-group.com

2. **Address and telephone number of headquarter, branch office, and factory**

Headquarter and factory：No 398, Ren-Ai Street, Yongkang Dist, Tainan 710, Taiwan (R.O.C.)

TEL：+886-6-253-9000

3. **Name, address, webpage, and telephone number of the agency handling shares transfer**

Name: Transfer Agency Department, CTBC Bank

Address: 5th Floor, No 83, Sec. 1, ChungQing South Rd., Taipei City 100, Taiwan (R.O.C.)

Webpage: http://www.ctbcbank.com.tw/

TEL: +886-2-6636-5566

4. **Names of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm**

Accountant: Hung Ju Liao, Chun Chi Kung

Firm: Deloitte & Touche

Address: 13F., No.189, Sec. 1, Yongfu Rd., West Central Dist., Tainan City 700, Taiwan (R.O.C.)

Webpage: http://www.deloitte.com.tw

TEL: +886-6-213-9988

5. **Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities**

Luxembourg Stock Exchange

Disclosed information can be found at BLOOMBERG Website

6. **Webpage of the Company**

http://www.catcher-group.com

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One、Letter to Shareholders

Dear Shareholders,

The global economy was continuously weak in 2016. The competition between brand companies became more intensive due to the lukewarm demand and changing economy. The overall variation and uncertainty were still high. Catcher technology, in the face of a challenging environment, still remains the stable performance. In 2016, the consolidated sales reached NT$ 79.1 billion, slightly down 4% compared to NTD 82.4 billion in the previous year. The net profit reached NT$ 22.0 billion in 2016, 12.4% decline compared to the previous year. Both sales revenues and earnings hits the record second high.

In 2016, Catcher continued to have another breakthrough in customers and products. In addition to material and process, 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.

Catcher is the leading brand in total solution of structure parts, possessing the most comprephensive manufacturing matrix, solid customers base, and diversified products portfolio. For 2017, we see three growth drivers ahead: (1) Increasing revenue contribution from current projects, (2) introducing more new products from existing customers, and (3) introducing new customers and products. We also explore new business and applications to become the mid to long term growth drivers. Overall, Catcher is very positive on the growing trend, and we will keep enlarging our leading edge by the way of varied material, advanced design, innovative manufacturing process, best cost structure, solid operation, and huge scale.

In terms of market demand, handheld devices keep expanding, and mid to high end products remain the profits driver for each brands. Therefore, we see the high end casing solution becomes the must have design, and the penetration rate keeps incraseing. Catcher is able to capture this opportunity by leveraging different material, processes, capabilities, and capacities.

In terms of material and processes, although there are many solutions for casing, metal still provides the best structure, strength, and protection. Among all the premium casings, metal has the most completed supply chain and cost advantage. Unibody process also provides thin, light, sleek and robust features which the other solution cannot offer. Besides, metal is a green material, and can be recycled at every stage. This is a key of CSR achievement to every tier one brands. One piece or metal frame design are still belong to unibody process, which is one of the key core competency of Catcher.

Financial performance

The consolidated revenue of the Catcher Group in 2016 was NT$79.1billion. The consolidated gross profit rate of the group was 44%. The consolidated net profit after tax was NT$22.0 billion, and the basic earnings per share was NT$28.58.

Operation Results (Group) Unit: in thousand NTD

Item	2016		2015	
	Amount	%	Amount	%
Operating revenues	79,113,653	100%	82,413,385	100%
Gross Profit	34,397,630	44%	38,146,556	46%
Operating income	27,490,819	35%	29,425,687	36%
Income before tax	32,625,048	41%	34,696,998	42%
Net income	22,019,794	28%	25,120,856	31%

Profitability (Group)

Item		2016	2015
Return on assets		12%	16%
Return on equity		19%	24%
Percentage of capital	Operating income	357%	382%
	Income before tax	423%	450%
Net income to sales		28%	31%
EPS（NTD）		$28.58	$32.61

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 stell; 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 2016, Gartner indicated the shipments of smartphones to be around 1.495 billion, up 5.06% y-y in a high pace. IDC also estimates the smartphone will increase to 1.556 billion units in 2017, up 4% y-y，and up 4% to 1.617 billion units in 2018. We expect the competition between different brands and different operating systems to be fiercer in the future for smartphones, thus mid-to-high end 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.

Gartner indicated the shipment of of Tablet PC in 2016 was around 218.6 million units, compared with 240 million in 2015, down by 9%. Gartner forecasts that tablet will further decrease to below 200 million units in 2017/2018, 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.

Notebook shipments of 2016 were 162 million, compared to 170 million units in 2015, declining by 4.71% y-y, better than expected. Gartner further estimates that the PC will stabilize at 160 million units in 2017 and increases again by 5.6% to 169 million in 2018. Overall notebook market will stabilize at around 160-170 million annual unit shipment. 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 2017, 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℃.

1990: Increased NTD10 million capital in cash, and paid-in capital totaled NTD15 million. Aggressively developed foreign markets by attending trade exhibitions, included in the USA, Canada, Japan, Germany, Belgium, and Netherlands, to seek for potential customers. The Company's foreign orders of magnesium alloy casting parts were used in mobile phone, and the extremely matured technology became our major competitive advantage internationally.

1991: Improve the quality of die casting parts, the Company applied Switzerland vacuum casting technology to its products and achieved very satisfied results. The Company started to export hard drive chassis and casings to Singapore this year, and due to product's high quality, sales orders were piling up.

1992: Cash offering of NT$10 million, and paid-in capital totaled NT$25 million. The Company gradually established its reputation in the foreign market, and the Company's superior technology and product quality had placed it on international hard drives manufacturers' approved vendor lists, too. The Company's matured mass production technology in producing précised die casting parts attracted a great many foreign price quotation requirements.

1994: Cash offering of NT$15 million, and paid-in capital totaled NT$40 million. The Company was accredited with ISO 9002 from DNVI and started to cooperate with Acer Inc., one of the largest PC brand names manufactures in Taiwan, to develop notebook PC components made by magnesium alloys casting parts.

1995: Cooperated with Acer Inc., to develop notebook PC components made by magnesium alloys casting parts.

1996: Paid-in capital totaled NTD80 million, after re-capitalization from retained earnings and surplus of NTD20 million in June, respectively. The Company introduced Taiwan first Magnesium alloy chassis for NB at that time, and offered outstanding thermal and EMI solution to notebook PC manufacturers.

1997: Increased the paid-in capital to NTD192 million, through cash offering of NTD80 million, and NTD32 million of retained earnings, in April and June, respectively. The Company was accredited with ISO 9001 from BVQI; meanwhile, and its board of directors submitted an IPO proposal on account of company's expanding business scale and funds needs, also officially registered the Company's name as "Catcher Technology Co., Ltd.". The Company received approval from SFC later, and went public this year.

1998: Procured magnesium alloy casting machines, 500 tons and 200 tons, in May and November, respectively, procured 22 CNC processing machines from May to November, and added 7 more roast-and-plate production lines at the end of the year. Together with the procurements of mentioned above equipments, and to fulfill the growing needs of expanding capacity, the Company again bought in two buildings from court-auction market, which located at No. 5, Huan Gong Road and No. 12, Jung Zhong Road, Yung Kong City. Increased the paid-in capital to NTD 327,030 thousand, through capitalization of NTD 134,400 thousand of retained earnings and NTD630 thousand of employee bonus shares in December. Meanwhile, two new directors and one supervisor were elected; the newly elected supervisor was a delegate from China Development Industrial Bank, a new institutional investor by holding 7.81% outstanding shares of the Company, totaling 1.5M shares in October.

The Company mapped out the Company's Enterprise Resource Planning to streamline operation in the late of this year, and was accredited with COMPAQ and DELL in relative business fields. Obviously, all of the mentioned above actions benefited the Company in terms of increase productivity and strengthen globalization.

1999: To meet the expanding production capacity, the Company added 10 more magnesium alloy die casting machines at the end of October, including 500 tons, 315 tons, and 200 tons, respectively, purchased 20 CNC processing machines in June, and acquired in 1 new plant in July.

Capitalized NTD133,512 thousand from retained earnings (included employee bonus of NTD 2,700 thousand) in April, and cash offering of NTD100,000 thousand (2 million shares at a premium NTD50 per share) in May; the paid-in capital totaled NTD 480,542 thousand .The Company's shares traded on the ROC over-the-counter market on November 1, 1999.

2000: After cash offering of NTD80,000 thousand (8,000 thousand shares), paid-in capital totaled to NTD560,542 thousand; net proceeds of NTD1,320,000 thousand from the mentioned above cash offering plan, at a premium of NTD165 per share.

Again, increased the paid-in capital to NTD844,413 thousand from retained earnings NTD 283,871 thousand (included NTD3,600 thousand of employee bonus shares), in June. Signed proprietary contract of "reciprocating extrusion process" with National Chin Haw University for licensing this special patent in our 3C, aerospace, and optic products, to improve and innovate the magnesium alloy, and basic magnesium alloy materials. As for the capacity expansion, the Company procured 6 debarring remover machines (from August to December), 35 sets of die casting and polishing robots, 1 high speedy process machines, and 4 computer softwares for mold flow dynamic series analysis. In order to widen our operation space and business scale, we again decided to rent 72,725.4 square meter of land from Taiwan Sugar Co. to build up Ren-Ai main manufacturing base and locate equipments and machines. The Company made every effort to achieve world leading technique as well as the unique global vertical integrated process.

2001: In April, the Company procured cold magnesium die casting machine, 750 tons, 10 units of magnesium alloy casting machine, 125 tons, and 5 packs of coating robots, and die casting robots, for enhancing company's current capacity.

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

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

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

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

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

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

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

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

The subsidiary in China ramped up the capacity, which significient 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 Qulified 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 Desgin of Samrtphone business, expanded the CNC capacity, and became one of the leading casing company with meaningful CNCcapacity.
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 historical high.

Forbes magazine voted Catcher technology as one of best top 50 corporations in Asia, the only one from Taiwan.

2016 2016 Consolidated sales revenue was 79.1 billion, and net profit was 22 billion. Both of the sales revenue and net profit in 2016 hit historical 2nd high.

Catcher's awarded by Ministry of Education for “2016 Sport corporation”

Harvard Business Review votes chairman of Catcher Technology as 3rd place of top 50 CEO in Taiwan, and 1st place in the computer perpheral sector.

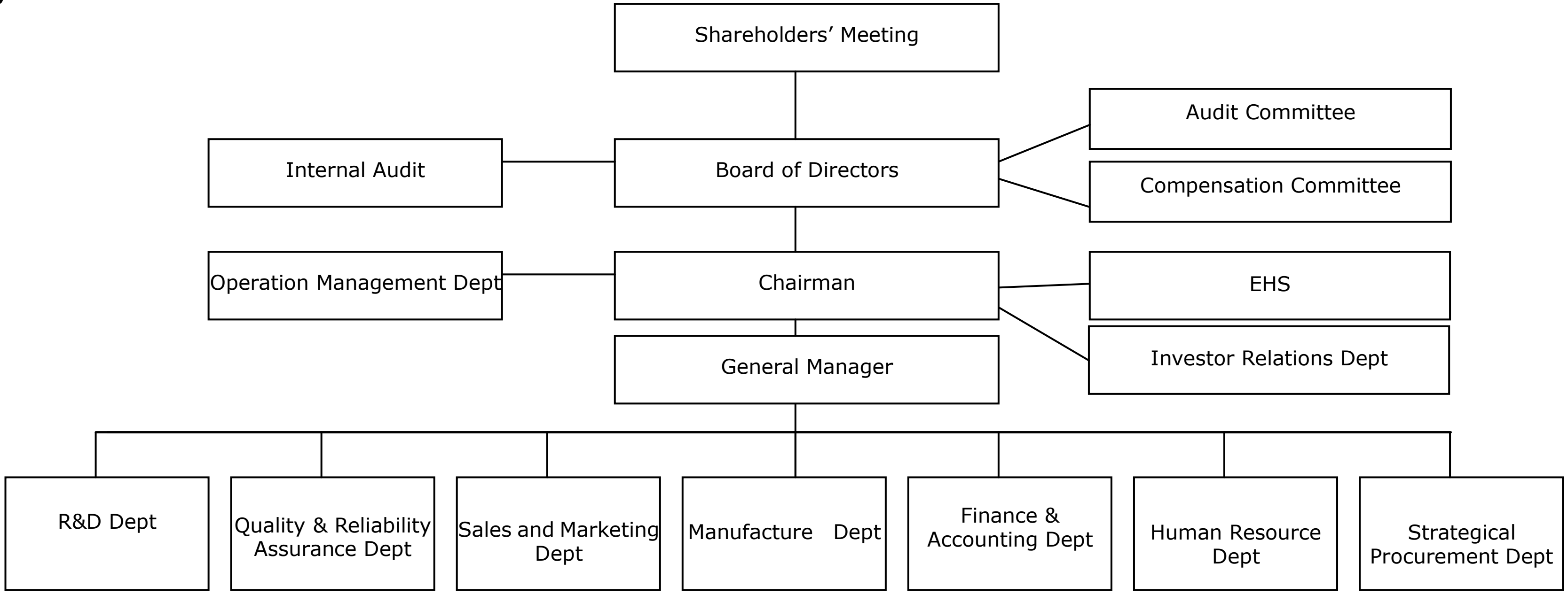
Nikkei (Japan) voted Catcher technology as one of Top 300 Asian companies.

Catcher Is Awarded by (MIT) Management Institute in Taipei as Exelent Taiwanese Corporation in China

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.
- **Investor Relations:** Communicate with shareholders and investors and maintain the relationship.
- **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

2017/03/31; Unit: share

Title	Nationality/ Country of Origin	Name	Gender	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	Male	2013.06.13	3	10,704,834	1.39%	10,704,834	1.39 %	18,409,961	2.39 %	-	-	Medical School / National Taiwan University Chairman of Catcher Technology	Chairman of Catcher Technology Chairman & Director representative of Catcher Technology's subsidiaries Chairman of Kai-Yi Investment Co., Ltd Chairman & Director (Representative) of Epileds Tech., Inc.	Director	Tien-Szu Hung Shui-Sung Hung	Brothers
Director	Taiwan	Tien-Szu Hung	Male	2013.06.13	3	10,661,889	1.38%	10,661,889	1.38 %	15,364,013	1.99 %	-	-	Chairman of Chia-Wei Investment Co., Ltd.	General Manager of Catcher Technology Direcor 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	Male	2013.06.13	3	10,278,970	1.33%	10,278,970	1.33 %	6,901	0%	-	-	Chairman of De-Neng Investment Co., Ltd.	Chairman of De-Neng Investment Co., Ltd.	Director	Shui-Shu Hung, Tien-Szu Hung	Brothers
Director	Taiwan	Ming-Long Wang	Male	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.	—	—	—
Independent Director	Taiwan	Wen-Jie Huang	Male	2016.05.09	3	-	0%	8,669	0%	-	0%	-	-	Dept. of Architecure,Tamkang University Chairman, Huang Wen-Jie Architects Firm.	Chairman, Huang Wen-Jie Architects Firm. Independent Director/ Audit Committee Member/Compensation Committee Member of Catcher Technology	—	—	—
Independent Director	Taiwan	Lih-Chyun Shu	Male	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	Male	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 Lotung Poh-Ai Hospital	—	—	—

Directors' and Supervisors' Professional Knowledge and Independence Information

Criteria / Name	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	3
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	---
Independent Director Wen-Jie Hunag	---	---	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 three 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

2017/03/31; 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%	15,364,013	1.99%	-	-	Chairman of Chia-Wei Investment Co., Ltd.	General Manager of Catcher Direcor 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	Supervisor representative of YueKang Heath management Co., Ltd	—	—	—
Vice President	James Wu	2010.03.01	0	0.00%	0	0.00%	-	-	MBA / Michigan State University Vice President of Finance and Accounting Division / Chunghwa Picture Tubes, Ltd Chief Investment Officer and Spokesman of Catcher Technology	Director representative of SIN-HER Technology Co., Ltd Director representative of YueKang Heath management Co., Ltd	—	—	—
Senior Assistant Vice President	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%	8,985	0.00%	-	-	Mechanism / National Taipei University of Technology R&D manager / Catcher Technology Co., Ltd.	None	AVP	Irene Lin	Spouse
Assistant Vice President	Irene Lin	2012.01.01	8,985	0.00%	0	0.00%	-	-	St. Cloud State MBA Sale & Marketing Magager/Catcher Technology	None	AVP	Brian Lee	Spouse
Assistant Vice President	Mei-Hsing Chen	2012.01.01	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

2016/12/31;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	Cash dividends	Stock dividends	Cash dividends	Stock dividends	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	
Chairman	Shui-Shu Hung	0	0	0	0	16,892	16,892	1,028	1,028	0.08%	0.08%	8,938	8,938	230	230	10,318	-	234,508	-	0	0	0	0	0.17%	1.19%	None
General Manager	Tien-Szu Hung																									
Director	Shui-Sung Hung																									
Director	Ming-Long Wang																									
Independent Director	Lih-Chyun Shu																									
Independent Director	Mon-Huan Lei																									
Independent Director	Wen-Jie Huang																									

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.

<u>**Levels of Amounts of Compensation**</u>

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 /Wen-Jie Huang	Ming-Long Wang / I-Shiung Chuang / Lih-Chyun Shu / Mon-Huan Lei /Wen-Jie Huang	Ming-Long Wang / I-Shiung Chuang / Lih-Chyun Shu / Mon-Huan Lei /Wen-Jie Huang	Ming-Long Wang / I-Shiung Chuang / Lih-Chyun Shu / Mon-Huan Lei /Wen-Jie Huang
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	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	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

2016/12/31; 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	Cash dividends	Stock dividends	Cash dividends	Stock dividends	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	
Chairman	Shui-Shu Hung	13,100	25,211	556	556	2,196	4,141	21,359	-	326,296	-	0.17%	1.62%	-	-	-	-	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 2016 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)	Kenny Chien	Kenny Chien
NTD 15,000,000(included)～30,000,000(excluded)		Lawremce Kuo/Jodan Yang//Magic Liu
NTD 30,000,000(included)～50,000,000(excluded)		Jay Tseng
NTD 50,000,000(included)～100,000,000(excluded)	Tien-Szu Hung	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

2016/12/31; 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	33,306	33,306	0.15%
	General Manager	Tien-Szu Hung				
	Vice President	Kenny Chien				
	Vice President	James Wu				
	Senior Assistant Vice President	Lewis Huang				
	Assitant Vice President	Frank Lee				
	Assitant Vice President	Brian Lee				
	Assitant Vice President	Mei-Hsing Chen				
	Assitant Vice President	Irene Lin				

Note1: Distributed earnings of 2016 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)	
	2016		2015			
	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities
Director	0.25%	1.70%	1.34%	2.36%	-1.09%	-0.69%
General Manager						
Vice Presidents						

Note: Distributed earnings of 2016 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__9__(A) during the period starting from Jan. 2016 to Mar. 2017, attendance of each director is listed as follows：

Title	Name	Attendance (B)	Proxy Attendance	Attendance rate (%) (B)/(A)	Remarks
Chairman	Shui-Shu Hung	9	0	100	Elected on 2016/5/19
Director	Shui-Sung Hung	9	0	100	Elected on 2016/5/19
Director	Tien-Szu Hung	7	1	77.78	Elected on 2016/5/19
Director	Ming-Long Wang	9	0	100	Elected on 2016/5/19
Independent Director	I-Shiung Chuang	0	3	0	Discharged on 2016/05/19
Independent Director	Lih-Chyun Shu	8	0	88.89	Elected on 2016/5/19
Independent Director	Mon-Huan Lei	6	0	66.67	Elected on 2016/5/19
Independent Director	Wen-Jie Huang	6	0	100	Elected on 2016/5/19

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
2016.3.16	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__6__(A) during the period starting from Jan. 16 to Mar. 17, 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	0	100	Elected on 2016/05/19
Independent Director	Lih-Chyun Shu	5	0	83.3	Elected on 2016/05/19
Independent Director	Mon-Huan Lei	4	0	100	Elected on 2016/05/19
Independent Director	I-Shiung Chuang	0	3	0	Discharged on 2016/05/19

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

(3) Corporate Governance Practices

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?		✓	The Company has not yet established the Corporate Governance Best-Practice Principles.	The Company has not yet established the Corporate Governance Best-Practice Principles but the related processes are inline with the principle.
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? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	 ✓ ✓ ✓		(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. (3) Catcher has set up an "Affiliated Management Policy" which rules risk control mechanisms and firewalls between the Company and its affiliated.	None

Evaluation Item	Implementation Status[1]			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(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 established a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders’ meetings according to laws, handle corporate registration and amendment registration, produce (or record?) minutes of board meetings and hareholders meetings, etc.	✓		The company has assigned financial department to deal with corporate governace tasks. The company also arrange the personnel in charge of AGM, BOD meeting, committees and corporate governance matters.	
5. Does the company establish a communication channel and			The Company has assigned spokesperson, deputey	None

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

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(1) Status of employee rights and employee wellness: Catcher commits itself to uphold the welfare of its employees complying with relevant regulations. Please refer to the "Employees" section on pages 66-67 of this annual report. (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 immedicate communiation channel with our investors. Phone number: 02-27988000 #2812; website: www.catcher-group.com; 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 electroic voting to enhance the information transparency to ensure the shareholders' right.	None

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange Catcher was ranked in 36%~50% in Corporate Governance Evaluation in 2016. The implementation status regarding below non-scoring items: A. Does annual report disclose implementation of the resolution of shareholder's meeting? The important resolution of the shareholders' meeting of 2016 annual report on page 40 disclosed " Except that the proposal of releasing the prohibition on directors from participation in competitive business for the new directors and their representatives did not pass, the remaining approval and discussion matters were passed by AGM. There were no other motions or temporary motions. All of the resolution, except the issuance of the capital increase or the convertible corporate debt to raise the working capital, have been executed. B. Whether the company's annual report and the website to disclose the list of major shareholders, including the proportion of more than five percent of the shareholders or equity ratio of the top ten shareholders, holding the amount and proportion? Catcher has disclosed the information in 2016 annual report on page 44 to expose top ten shareholders and expect to disclose this information on company web site in the near future. C. Does company disclose company profiles including the company's history, products or the services, organizational structure and the management team on its website? Catcher has disclosed the information of company profile including the company's history, products or the services, organizational structure on company website and expect to disclose the information of management team on website. D. Does the company refer to the International Report on the preparation of corporate social responsibility reports and other non-financial information? The CSR Report expected to be released in 2017 will follow the international guidance. E. Does the company expose annual emissions of carbon dioxide or other greenhouse gases over the past two years? Catcher has disclosed greenhouse gas emissions for 2015 and 2016 on Catcher's website and the CSR Report. F. Does the company develop energy saving, carbon reduction, greenhouse gas reduction, water use or other waste management policies? Catcher has a clear specification and the development of guidelines for energy-saving, carbon reduction, greenhouse gas reduction, water conservation and waste management which disclosed in 2016 CSR report page 41-45.				

(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 Counterand 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 Remuneration Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8		
Independent Director	Lih-Chyun Shu	V		V	v	v	v	v	v	v	v	v	0	
Independent Director	Wen-Jie Huang			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 2016/07 to 2019/05, 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	100.0	Re-elected on 2016/05/19
Member	Mon-Huan Lei	3	0	100.0	Re-elected on 2016/05/19
Member	Wen-Jie Huang	2	0	100.0	Elected in 2016/05/19
Member	I-Shiung Chuang	0	3	0	Discharged on 2016/05/19

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 [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
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. (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."	None

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
(2) Does the company provide educational training on corporate social responsibility on a regular basis?	✓			
(3) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		(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 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 Comopany 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,			(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	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
as well as establish company strategies for energy conservation and carbon reduction?	✓		follow-up plans to decrease the greenhouse gas emissions.	
3. Preserving Public Welfare (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The Company has established internal policies as guidelines to ensure the labor rights and benefits. Through periodic internal audits and improvement, the Company aims to provide a friendly working environment for the employees and to protect the employees from every department under different hierarchies.	None
(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			(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	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
procedures regarding research development, purchasing, producing, operating and service?	✓		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 regulations and international standards?	✓		(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.	
(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-discrimnation, 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. http://www.catcher-group.com/tw/csr.aspx. The Company will disclose the information regarding the message, projects and activities on corporate social responsibility, the information on Catcher' Education Foundation, and provides historical CSR reports for readers to download.	None
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 Comopany 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.				

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation[2]	
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 deparments 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[1]			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				None
(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?	✓		(1) The Company has set up "Management Procedure for Corporate Social Responsibly", according to EICC & 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.	
(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?	✓		(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	

Evaluation Item	Implementation Status [1]			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(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?	✓		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. (3) The Company adopts management procedures and to establish preventive measures against the following: (a) offering and accepting bribes; (b) illegal political donations; (c) improper charitable donations or sponsorship; (d) offering or accepting unreasonable gifts or hospitality, or other inappropriate benefits. The aforementioned principles and related regulations were announced and disseminated to employees, managers and Board of Directors to enhance integrity and self-discipline. At the same time, the Company has internal audit teams and has made a hotline available for suppliers/ employees to prevent any improper business behaviors.	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1) The Company conducts due diligence before trading with upstream and downstream companies to minimize the risks. The Company requires all our suppliers, vendors and partners to declare in writing that they will not engage in any fraud or provide unethical conduct when dealing with the Company or our officers and employees. Internal and external online hotlines have been established for any relevant persons to use in reporting any ethical irregularities for personal investigation by a designated internal audit. Catcher has the right to suspend or discharge the agreement, or even punish suppliers, if supplies violate the abovementioned rules.	None
(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	✓		(2) The Company established the Internal Audit team, under the Board's supervision, to implement the corporate ethics and audit matters, and to submit periodical reports to the top management and then to the Board of Directors.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) To avoid interest of conflicts, the Company requires all employees not to engage with any unethical activities by setting rules and procedures. At the same time, the Company has made a hotline available for any stakeholders to make sure the ethical corporate management policies are fully implemented.	

Evaluation Item	Implementation Status [1] Yes	No	Abstract Illustration	Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?			(4) The Company has established accounting and internal control systems to ensure integrity in our operations. The internal auditors have analyzed and reviewed the annual audit program, on behalf of board and management, according to the risk evaluation results, to further strengthen the implementation of ethical corporate management policies.	
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5) The Company carries out irregular training for employees. For new employees, training on social responsibilities, ethical rules, business morals, and all other related subjects are carried out prior to work. All employees will receive necessary internal training when needed. Employee will also receive external training if necessary.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		(1) The Company establishes various reporting channels so that employees and relevant people can report improper business behaviors through the system. After a confidential investigation with 7 days, anyone who violates the regulations on operational integrity will be punished according to the Company's regulations on reward and punishment.	None
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		(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.	
(3) Does the company provide proper whistleblower protection?	✓		(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 whistblower who received unfair or unlawful treatment will be well protected and also compensated for the loss.	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		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.	None
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.				

Evaluation Item	Implementation Status [1]			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
There have been no differences.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies). (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. (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 (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.				

(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 since 2013's AGM and established Audit Committee. If necessary, the Company will set up any committee to improve corporat governance.

(9) Status of Internal Control:

A. Statement of Internal Control:

Catcher Technology Co., Ltd.
Statement of Internal Control

2017/03/16

The internal control self-assessment of Catcher Technology Co., Ltd. was conducted for the year ended December 31, 2016 based on the Company's internal control system. The results are described as following:

1.Catcher Technology Co., Ltd. acknowledges that the board of directors and the management are responsible for establishing, executing and maintaining an effective internal control system, which has been already set up. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with the applicable laws and regulations.

2.No matter how perfectly designed, the internal control system has its inherent limitations, and it can only provide reasonable assurance of achieving the three goals mentioned above. The effectiveness of the internal control system may subject to changes of environment and circumstances. Catcher has established an internal control system with self-monitoring capabilities, which can undertake corrective actions whenever a deficiency is identified.

3.Catcher evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the governing the establishment of internal control system by public companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) Control Environment, (2) Risk assessment (3) Control activities, (4) Information and Communication, and (5) Monitoring. Each component consists of certain items, which could be referred to the Standards.

4.Catcher Technology Co., Ltd. has evaluated the design and effectiveness of its internal control system according to the aforementioned criteria.

5.Catcher Technology Co., Ltd. believes that the effectiveness of the design and execution of the internal control system (including its subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of the efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable laws and regulations.

6.The Statement of Internal Control will be an integral part of Catcher Technology Co., Ltd. annual report and prospectus and will be made public. Any false statement, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

7. The statement has been passed by the Board of Directors in the meeting held on March 16th, 2017, 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
2016.05.19	2016 Annual shareholders' meeting	● To amend the Articles of Incorporation (Proposed by the Board of Directors) ● To accept 2015 Business Report and Financial Statements (Proposed by the Board of Directors) ● To approve the proposal for distribution of 2015 profits (Proposed by the Board of Directors) ● To approve the issuance of new common shares for cash and/or issuance of Global Depository Receipt (GDR) (Proposed by the Board of Directors) ● To Elect New Directors ● To approve the proposal of releasing the prohibition on directors from participation in competitive business	All, but the proposal of releasing the prohibition on directors from participation in competitive business, discussion items were unanimously agreed upon the resolutions by all attending shareholders. All items were executed except for resolution of capital increasing

B. Board Meetings

Date	Agenda	Resolution
2016.02.25	● To approve the Company's 2015 Financial Statements ● To approve 2015 Business Report ● To increase the capital investment of US$100mn in Chinese subsidiary Arcadia Technology (Suqian) Co., Ltd for capacity expansion ● To increase the capital investment of US$99mn in Chinese subsidiary Meeca Technology (Taizhou) Co., Ltd for capacity expansion ● To discuss the reelection of Directors ● To discuss the proposal of releasing the prohibition on newly elected directors from participation in competitive business. ● To approve 2016 regular shareholders' meeting date, place, and agenda	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. All items were executed except for resolution of capital increasing
2016.04.06	● To approve 2015 ernings distribution ● To approve the issuance of new common shares for cash and/or issuance of Global Depository Receipt (GDR) ● To discuss the donation to Catcher Education Foundation ● To discuss the agend of 2016 regular shareholders' meeting	All attending directors unanimously agreed, no other special proposals were proposed. All items were executed except for resolution #3 considering the economic condictions
2016.05.05	● To discuss the investment in the case of "Chaohu Yunhai Magnesium Industry Co., Ltd." in mainland China through the third foreign company.	All attending directors unanimously agreed, no other special proposals were proposed. Approved items were executed
2016.05.19	● To elect a chairman of the Company	All attending directors unanimously agreed, no other special proposals were proposed.
2016.07.05	● Appointment of the 4th member of the Company's remuneration committee.	All attending directors unanimously agreed, no other special proposals were proposed.

2016.08.05	● To report the Company's 2016 Q2 Financial Statements ● To proposed the basis for the date on which the cash dividend is distributed. ● The distribution of compensation for employees. ● The distribution of compensation for directors.	All attending directors unanimously agreed, no other special proposals were proposed.
2016.11.07	● To approve 2017 Business Plan ● To change audit supervisor	All attending directors unanimously agreed, no other special proposals were proposed.
2017.01.18	● To change the stock transfer agency. ● To increase the capital investment of US$100mn in Chinese subsidiary Keda (tentative name) Technology (Suqian) Co., Ltd for capacity expansion	All attending directors unanimously agreed, no other special proposals were proposed.
2017.03.16	● To approve the Company's 2016 Financial Statements ● To approve 2016 Business Report ● Intend to set up a new subsidiary in Taiwan. ● To report the distribution of compensation for employees and directors ● Intend to donate to Catcher Education Fundation. ● To approve 2017 regular shareholders' meeting date, place, and agenda	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, became the Group Chairman and CEO of Catcher Technology. Mr. Tien-Szu Hung, became the Group General Manager, effective from 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	2016	-

Units: thousand NTD

Fee ranges \ Item		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

Not Applicable.

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

None.

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

(1) Change in Equity Interest

Unit: share

Title	Name	2016		As 0f 2017/03/21	
		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
Independent Director	Wen-Jie Huang	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	-5,000	0	0	0
Assistant Vice President	Frank Lee	0	0	0	0
Assistant Vice President	Mei-Hsing Chen	0	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.

2016/09/14

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	40,284,000	5.23%							
Kai-Yi Investment Co., Ltd.	33,648,869	4.37%	-	-	-	-	Chen-Mei Lin/Tien-Szu Hung/Sui-Mei Kuo	Spouse/Second-degree relatives/Second-degree relatives	
Delegate:Shui-Shu Hung	10,704,834	1.39%	18,409,961	2.39%	-	-			
Jia-Wei Investment Co., Ltd.	28,246,885	3.67%	-	-	-	-	Sui-Mei Kuo/Shui-Shu Hung/Chen-Mei Lin	Spouse/Second-degree relatives/Second-degree relatives	
Delegate: Tien-Szu Hung	10,661,889	1.38%	15,364,013	1.99%	-	-			
JPMorgan Chase Bank custody Investment account for Central Bank of Saudi Arabia	19,348,000	2.51%	-	-	-	-			
JPMorgan Chase Bank N.A. Taipei Branch in custody for T. Rowe Price Emerging Markets Stock Fund	18,998,000	2.47%	-	-	-	-	-	-	
Chen-Mei Lin	18,409,961	2.39%	10,704,834	1.39%	-	-	Shui-Shu Hung/Tien-Szu Hung/Sui-Mei Kuo	Spouse/Second-degree relatives/Second-degree relatives	
Sui-Mei Kuo	15,364,013	1.99%	10,661,889	1.38%			Tien-Szu Hung/Shui-Shu Hung/Chen-Mei Lin	Spouse/Second-degree relatives/Second-degree relatives	
Citi as directed trustee Government of Singapore Investment Corporation	14,511,818	1.88%	-	-	-	-			
Vanguard emerging market stock index fund	11,471,259	1.49%	-	-	-	-			
Shui-Shu Hung	10,704,834	1.39%	18,409,961	2.39%	-	-	Chen-Mei Lin/Tien-Szu Hung/Sui-Mei Kuo	Spouse/Second-degree relatives/Second-degree relatives	

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 1st 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 1st CB conversion NT$ 151,206K & GDR NT$ 335,000K	None	Note 25
2011.10	－	1,000,000	10,000,000	750,443.7	7,504,337	Capitalization from Domestic CB conversion NT$ 225,152K and capitalization from Domestic CB conversion NT$ 41,227K	None	Note 26
2012.2	－	1,000,000	10,000,000	750,639.4	7,506,394	Capitalization from Domestic CB conversion NT$ 2,057K	None	Note 27
2012.4	－	1,000,000	10,000,000	750,691.4	7,506,914	Capitalization in Domestic CB conversion NT$ 519K	None	Note 28
2012.5	－	1,000,000	10,000,000	750,699.2	7,506,992	Capitalization in Domestic CB conversion NT$ 78K	None	Note 29
2012.8	－	1,000,000	10,000,000	750,703.1	7,507,031	Capitalization in Domestic CB conversion NT$ 39K	None	Note 30
2014.4	－	1,000,000	10,000,000	751,662.8	7,516,628	Capitalization in Domestic CB conversion NT$9,597K	None	Note 31

2014.8	—	1,000,000	10,000,000	760,494.0	7,604,940	Capitalization in Domestic CB conversion NT$88,312K	None	Note 32
2014.11	—	1,000,000	10,000,000	767,423.7	7,674,237	Capitalization in Domestic CB conversion NT$69,297K	None	Note 33
2015.3	—	1,000,000	10,000,000	770,391.0	7,703,911	Capitalization in Domestic CB conversion NT$2,967K	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: 2016/09/14

Structure / Number	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions& Individuals	Individual investors	Treasury shares	Total
Numbers of Shareholders	0	23	236	1,102	34,293	0	35,654
Shareholding (Shares)	0	59,209,315	93,055,298	421,730,931	196,395,525	0	770,391,069
Holding Percentage (%)	0.00%	7.69%	12.08%	54.74%	25.49%	0.00%	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; 2016/09/14

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Holding Percentage%
1-999	7,406	1,668,537	0.22%
1,000-5,000	23,362	42,912,955	5.57%

5,001-10,000	2,193	16,968,190	2.20%
10,001-15,000	715	9,132,834	1.19%
15,001-20,000	421	7,718,478	1.00%
20,001-30,000	376	9,563,831	1.14%
30,001-40,000	199	7,132,786	1.24%
40,001-50,000	136	6,237,491	0.93%
50,001-100,000	264	19,180,098	0.81%
100,001-200,000	201	29,106,983	4.75%
200,001-400,000	135	37,375,258	6.45%
400,001-600,000	67	32,532,829	3.96%
600,001-800,000	32	21,875,394	3.37%
800,001-1,000,000	26	23,209,606	2.76%
Above 1,000,001	121	505,775,799	64.62%
Total	35,654	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, 2016/09/14

Shares / Shareholder's Name	Common Shares	(%) of Shareholding
Cathay Life Insurance Co., Ltd	40,284,000	5.23%
Kai-Yi Investment Co., Ltd.	33,648,869	4.37%
Jia-Wei Investment Co., Ltd.	28,246,885	3.67%
JPMorgan Chase Bank custody Investment account for Central Bank of Saudi Arabia	19,348,000	2.51%
JPMorgan Chase Bank N.A. Taipei Branch in custody for T. Rowe Price Emerging Markets Stock Fund	18,998,000	2.47%
Chen Mei Lin	18,409,961	2.39%
Sui Mei Kuo	15,364,013	1.99%
Citi as directed trustee Government of Singapore Investment Corporation	14,511,818	1.88%
Vanguard emerging market stock index fund	11,471,259	1.49%
Shui-Shu Hung	10,704,834	1.39%

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

<table>
<tr><th colspan="3">Year / Item</th><th>2015</th><th>2016</th><th>As of 2017/03/31</th></tr>
<tr><td rowspan="5">Market Price per Share</td><td rowspan="2">Before retroactive adjustment</td><td>Highest</td><td>402.00</td><td>295.00</td><td>304.00</td></tr>
<tr><td>Lowest</td><td>242.50</td><td>200.00</td><td>212.50</td></tr>
<tr><td rowspan="2">After retroactive adjustment</td><td>Highest</td><td>402.00</td><td>295.00</td><td>304.00</td></tr>
<tr><td>Lowest</td><td>242.50</td><td>200.00</td><td>212.50</td></tr>
<tr><td colspan="2">Average</td><td>328.18</td><td>238.12</td><td>258.74</td></tr>
<tr><td rowspan="3">Net Worth per Share</td><td colspan="2">Before Distribution</td><td>150.26</td><td>159.18</td><td>(Note 1)</td></tr>
<tr><td colspan="2">After Distribution</td><td>140.26</td><td>(Note 2)</td><td>(Note 1)</td></tr>
<tr><td colspan="5">Note: distributed based on the outstanding shares at the end of the year, and was approved by shareholders' meeting</td></tr>
<tr><td rowspan="5">Earnings per Share</td><td rowspan="2">Before retroactive adjustment</td><td>Weighted average shares</td><td>770,391</td><td>770,391</td><td>(Note 1)</td></tr>
<tr><td>Earnings per shares</td><td>32.61</td><td>28.58</td><td>(Note 1)</td></tr>
<tr><td rowspan="2">After retroactive adjustment</td><td>Weighted average shares</td><td>770,391</td><td>770,391</td><td>(Note 1)</td></tr>
<tr><td>Earnings per shares</td><td>32.61</td><td>28.58</td><td>(Note 1)</td></tr>
<tr><td colspan="5">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.</td></tr>
<tr><td rowspan="4">Dividend per Share (Note2)</td><td colspan="2">Cash dividends</td><td>10.0</td><td>(Note 2)</td><td>(Note 1)</td></tr>
<tr><td rowspan="2">Stock dividends</td><td>Dividend from retained earnings</td><td>0</td><td>(Note 2)</td><td>(Note 1)</td></tr>
<tr><td>Dividend from Capital Reserve</td><td>—</td><td>—</td><td>(Note 1)</td></tr>
<tr><td colspan="2">Accumulated un-appropriated dividend (Note2)</td><td>—</td><td>—</td><td>(Note 1)</td></tr>
<tr><td rowspan="4">Return on Investment</td><td>Before retroactive adjustment</td><td>Price/Earning ratio (Note3)</td><td>10.06</td><td>8.37</td><td>(Note 1)</td></tr>
<tr><td>After retroactive adjustment</td><td>Price/Earning ratio (Note3)</td><td>10.06</td><td>8.37</td><td>(Note 1)</td></tr>
<tr><td colspan="2">Price/Dividends ratio (Note4)</td><td>32.80</td><td>(Note 2)</td><td>(Note 1)</td></tr>
<tr><td colspan="2">Cash dividends yield rate (Note5)</td><td>3.05</td><td>(Note 2)</td><td>(Note 1)</td></tr>
</table>

Note1: Up until the printing date, Q1/2017financial report is not yet available.

Note2: Distributed earnings of 2016 ave 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 an 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 2015 Employee Bonus and Directors' & Supervisors' Remuneration

The information of approved distribution earning of 2015 are listed as follows:

Unit: NTD; Shares

Details	As approved by the Shareholders' Meeting	As recommended by the Board of Directors	Differences
Distribution Status			
1. Employee bonus			
(1) Stock bonus amount	-	-	None
Stock bonus shares			
Market price per share (ex-right and	-	-	-
ex-dividend factors have been considered)	-	-	-
(2) Cash bonus	400,723,980	400,723,980	None
2. Remuneration paid to Directors and Supervisors	17,000,000	17,000,000	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 / Content			Global Depository Receipts issued in 2011/06/08
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
Depositary Bank			JPMorgan Chase Bank
Custodian Bank			Taipei Branch / JPMorgan chase bank
Outstanding Balance (Units)			Up to 2017/03/31, 767,636 units outstanding
Issuing Expense and Maintenance Fees			All by the Company
Important Terms and Conditions of Depositary Agreement and Custodian Agreement			Please refer to Depositary Agreement and Custodian Agreement
Market Price/Unit	2016	Highest	USD 45.55
		Lowest	US$ 30.54
		Average	US$ 37.09
Market Price/Unit	Up to 2017/3/31	Highest	USD 49.35
		Lowest	USD 34.07
		Average	USD 41.40

5. Employee Stock Option Certificates

None

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

None

Five、Overview of the Business Scope

1. Description of The Business

(1) Major Business

A. Major Business:

a. Manufacturing, processing, and sales of molds and alloy products.

b. Surface treatment, processing, and sales of alloy products.

c. Related materials' and products' trading, export, and import business.

B. Major Products and Weights：

Unit：in thousand NTD；%

Product Item	Net sales in 2016	(%) of Sales
Product Sales	79,091,618	99.97%
Others	22,035	0.03%
Total	79,113,653	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. Mg alloy, Al alloy and SUS metal housing and multiple

b. Development of Novel surface treatment

c. High performance metal and non metal material applied on 3C products

d. Bonding technology on different materials and its applications

e. Manufacturing process, decoration and product applications on Ultra light and thin composites

f. Product design and research on Metal/non-metal composites housing with low EMI

g. Environment friendly painting technology on metal and non-metal cosmetic parts

h. Non-metal or powder material which can be applied to mechanical parts manufacturing.

(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

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 2016, IDC indicated the shipments of smartphones to be around 1.495 billion, up 5.06% y-y in a high pace. IDC also estimates the smartphone will increase to 1.556 billion units in 2017, up 4% y-y， and up 4% to 1.617 billion units in 2018. We expect the competition between different brands and different operating systems to be fiercer in the future for smartphones, thus mid-to-high end 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.

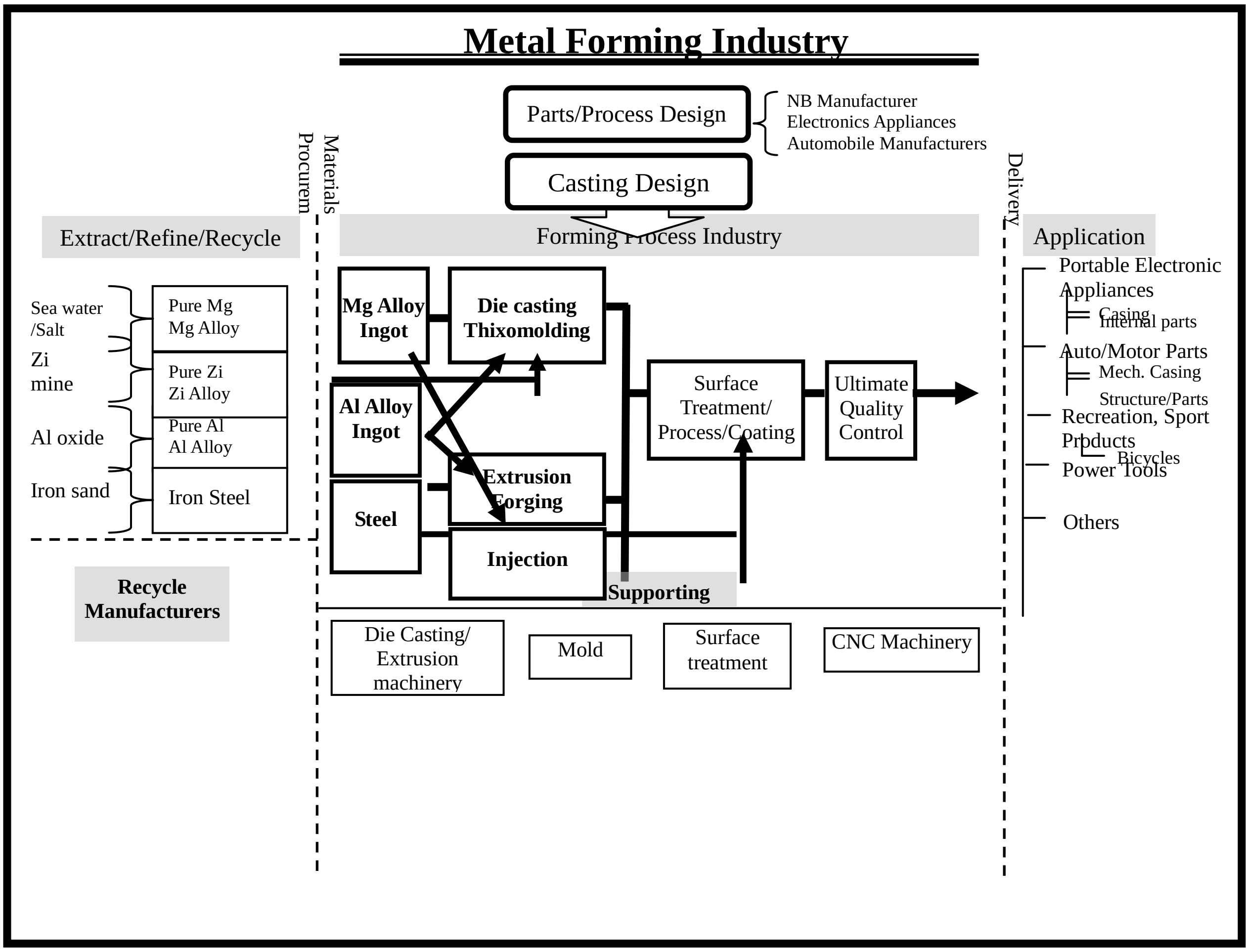
Gartner indicated the shipment of of Tablet PC in 2016 was around 218.6 million units, compared with 240 million in 2015, down by 9%. Gartner forecasts that tablet will further decrease to below 200 million units in 2017/2018, cannibalized by both larger screen-size smartphones. However, the launch of 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.

Notebook shipments of 2016 were 162 million, compared to 170 million units in 2015, declining by 4.71 % y-y. Gartner further estimates that the PC will stabilize at 160 million units in 2017 and increases again by 5.6% to 169 million in 2018. Overall notebook market will stabilize at around 160-170 million annual unit shipment. 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.

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：



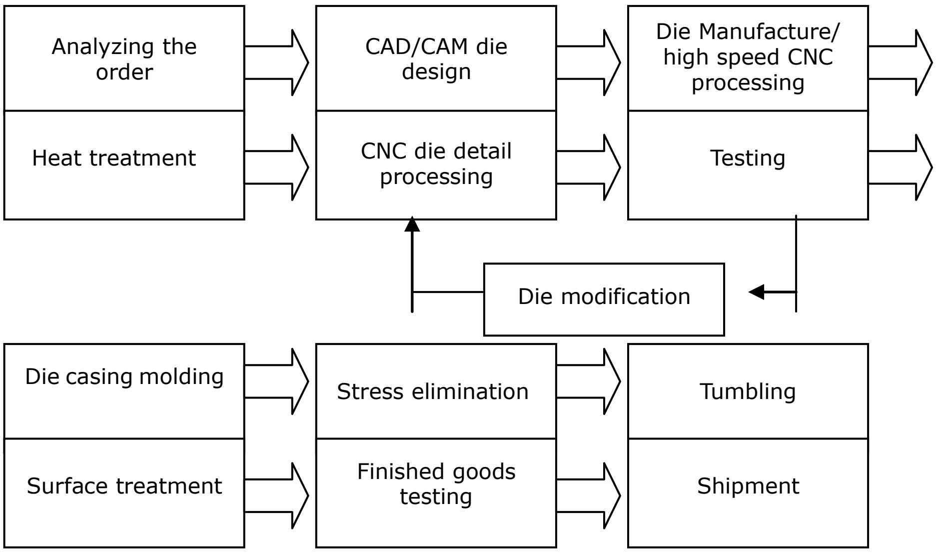
Resource from ITRI IEK-IT IS project; Quoted by Catcher

(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	2016 (consolidated)
R&D expenditures	NT$ 1,288,617 thousand

B. Successful Development in Technologies and Products:

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

- Unibody composite housing of High strength glass fiber with 0.4mm thickness
- High modulus/High strength 3K carbon thermal plastic unibody
- Dual tone/Dual color aluminum anodized mobile phone and casing
- Narrow boarder display housing made by high strength Al alloy and composites
- Slim and light high strength unibody tablet with detach device
- Novel PVD SUS unibody product made by SUS with multi color
- Special dazzle color on anodized aluminum alloy
- New unibody casing with novel antenna solution and electro magnetic performance
- Carbon fiber unibody composite with special designed 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. On top of current customers and products, Catcher sets up a new subsidiary “KeYao Technology” to focus on the development of new material, new processes, and new business. We will continuously evaluate any possibilities of building new factory or capacities. 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		2016		2015	
		Net Sales	%	Net Sales	%
Domestic		2,646,469	3.35%	4,030,880	4.89%
Export	Asia	24,252,152	30.65%	50,098,463	60.79%
	America	51,757,369	65.42%	27,654,079	33.56%
	Europe	457,663	0.58%	629,963	0.76%
	Others	0	0.00%	0	0.00%
Export subtotal		76,467,184	96.65%	78,382,505	95.11%
Total		79,113,653	100.00%	82,413,385	100.00%

B. Market Share:

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

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

According to research report, the CAGR for metal casing sector is 20% from 2014-2016. Therefore, Catcher take this index as the target and will aim at outpacing this target. From 2014-2016, Catcher's CAGR of sales revenue 22.4%. We had actually reached the target.

C. Future Market Supply, Demand, and Growth Potential

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.

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D. Competitive Advantages

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

a. The Company possesses strong research and development programs and leverages its ability in technology development.

b. The 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.

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-tem. The Company already entered in this industry for quite a long time, and had solid R&D team and experience for delivery and quality. All above competitive advantages can make the company become outstanding in the severe competition.

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

- **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 mode/ cutting tool design, multi-forming, CNC machining, variety of surface treatment, powder coating/painting and assembly, which enables the fast time-to-market capability, and quality assurance to meet global brand name clients' need. In addition to the development of special process and technology, the company's existing comprehensive manufacturing matrix enables the company to become one of the few metal casing manufactures with good quality, yield rate, production capacity and customized and innovative design, and all of these can achieve customer's requirements.

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

b. Negative Factors

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

After the financial crisis, the economy does not totally recover in recent years. Moreover, 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. Fully utilizing our “most comprephensive matrix” advantage to continuously develop diversified material and processes for high end casing solution, which creates premium value for customers and then enhances the entry barrier.

ii. Given the current economics scale, we are putting efforts on product and process designs, automation, and efficiency improvement, to lower cost and improve quality.

iii. To adopt the design of “Stamping + Mg Die Casting Frame” or “Stamping + Plastic Internal Frame”, and focus more on value-added surface treatment.

iv. The major competitive factors in casing industry are mold development and surface treatment technology. Recently, most of domestic NB manufacturing companies strategically coordinated with casing manufacture companies, but most of them make plastic casing rather than metal one. Compared with plastic casing, the requirement for capital and technology know-how are important for metal casing manufacturing, and the yield rate cannot be improved easily in short-term. It may take quite a long time to achieve breakeven. Although there are some new competitors and they will become potential threat in the medium and long term, the Company still have the advantage of technology and quality.

- **Increase of Entry Level Smartphone.**

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

- **Action Plans**

i. Vertical integration: To reduce the outsourcing proportion to save production costs.

ii. In terms of the lower selling price of 3C products, the Company will not only make the high value-added products, but also provide the cost saving products & process solution. At the same time, we will improve the process and yield rate to reduce the prodcution 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.

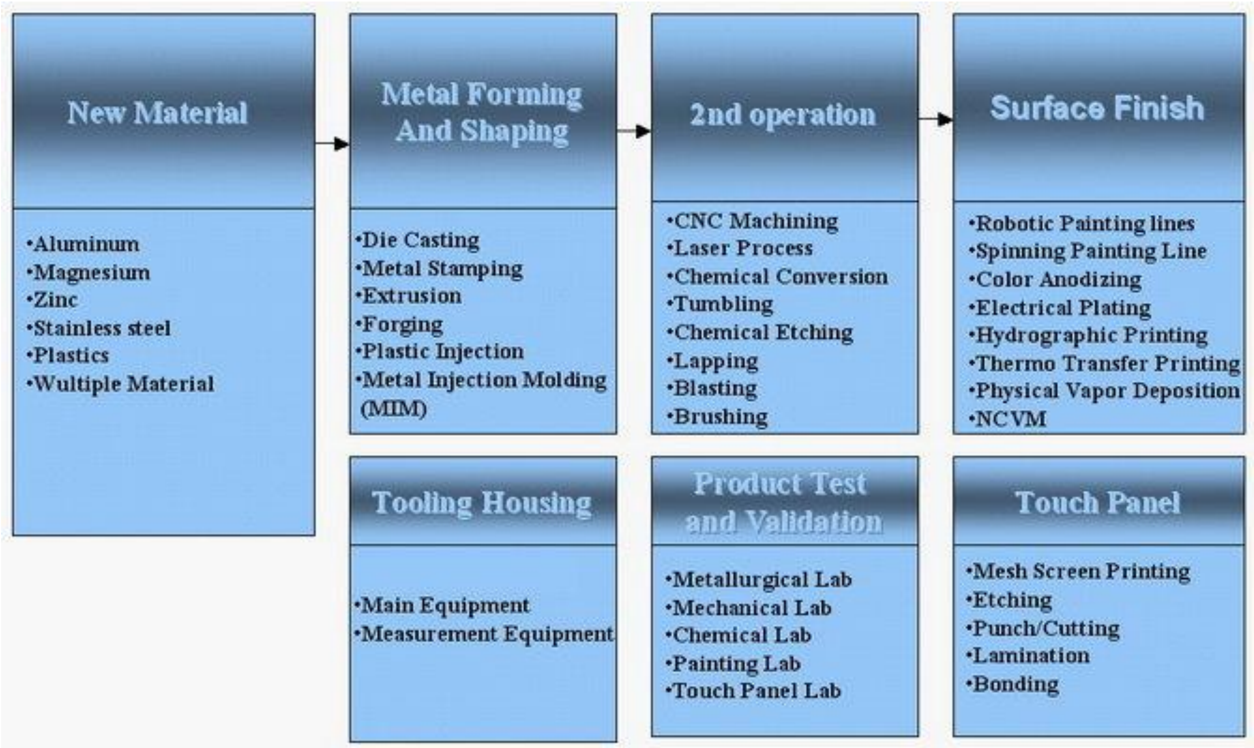
iii. Catcher puts more resources in investment and injects NTD 6 billion to set up a new subsidiary “KeYao” Technology, focusing on new material, new processes, and new business. The shows our determination as the pioneer in 3C structure parts. Recently, Catcher also invests into powder material, and can be more aggreesive in this area if customers do have the demand.

(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; %

	2016				2015			
Item	Supplier	Amount	〔%〕	Related party	Supplier	Amount	〔%〕	Related party
1	G	51,714,117	65.37%	No	G	27,616,363	33.51%	No
2	C	12,864,341	16.26%	No	O	16,868,433	20.47%	No
3					C	12,860,005	15.60%	No
	Others	14,535,195	18.37%		Others	25,068,584	30.42%	
	Net Sales	79,113,653	100.00%		Net Sales	82,413,385	100.00%	

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

B. Major Vendors

Unit: in thousand NTD; %

	2016				2015			
Item	Supplier	Amount	〔%〕	Related party	Supplier	Amount	〔%〕	Related party
1	E	1,352,378	11%	No	E	1,231,263	8%	No
2	F	1,310,323	10%	No	F	1,341,837	8%	No
3	Others	10,044,791	79%	-	Others	13,273,716	84%	-
	Totel	12,707,491	100%		Total	15,846,816	100%	

Note: There were no individual vendor with more than 10% of total purchases in 2016 and 2015

(5) Production Figures

Unit: in thousand NTD；Thousand pieces

Year / Value / Products	2016			2015		
	Capacity	Quantity	Amount	PCapacity	Quantity	Amount
Product Sales	98,800	82,066	44,708,547	85,768	78,049	44,259,679
Others	0	0	7,476	0	0	7,150
Total	98,800	82,066	44,716,023	85,768	78,049	44,266,829

(6) Sales Figures

Unit: in thousand NTD；Thousand pieces

Value / Year / Products	2016				2015			
	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Product Sales	4,205	2,624,434	77,861	76,467,184	6,831	4,009,628	71,218	78,382,505
Rental Sales	0	22,035	0	0	0	21,252	0	0
Net Sales	4,205	2,646,469	77,861	76,467,184	6,831	4,030,880	71,218	78,382,505

3. Employee Analysis

Catcher Technology Co., Ltd. Employee Analysis					
Employees \ Year		2015	2016	As of 2017/3/31
Numbers of Employees	Direct Labors	2009	1699	1626
	Indirect Labors	1626	1649	1640
	Total	3635	3348	3266
Average Age		30.56	30.48	31.59
Average Years of Employment		2.73	2.9	3.76
Level of Education (%)	Ph.D.	0.25	0.24	0.25
	Masters Degree	6.69	7.41	7.62
	Bachelors/Associate Degree	30.37	41.40	41.79
	High School	24.65	43.13	42.32
	Others	38.05	7.83	8.02

4. Environmental Protection Information

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

None.

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

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

5. Labor Relations:

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

A. Employee benefit plans are as follows:

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

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

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

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

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

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

B. Mitigation measures being or to be taken: None

6. Major Agreements

Contract Type	Name of the Company	Contract Period	Major Content	Limitations
Lease	Taiwan Sugar Co., Ltd.	2000.4.20 | 2050.4.19	Land rental	The agreement will be terminated or cancelled if violate relative regulations or land pledged without agree written by the landlord.
Contract to purchase Catcher Technology (Suzhou)'s land, plants, dorms, partial equipment	Land Reserve Center of Suzhou Industrial Park	2014.11.28 | 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 2017/03/31
		2016	2015	2014	2013	2012	(Note 3)
Current Assets		127,943,044	103,551,236	79,877,672	65,346,656	66,559,666	—
Property, Plant and Equipment		51,055,042	58,737,606	45,405,426	34,903,140	30,814,857	—
Intangible Assets		109,393	141,521	146,369	102,555	78,969	—
Other Assets		7,240,105	9,149,309	11,535,237	5,026,685	3,906,084	—
Total Assets		186,347,584	171,579,672	136,964,704	105,379,036	101,359,576	—
Current Liabilities	Before Distribution	57,291,101	44,873,539	32,180,086	31,574,568	36,791,877	—
	After Distribution	57,291,101	52,577,450	36,802,432	35,334,834	41,296,096	—
Long-term Liabilities		6,226,431	10,740,671	8,695,459	124,362	2,979,324	—
Total Liabilities	Before Distribution	63,517,532	55,614,210	40,875,545	31,698,930	39,771,201	—
	After Distribution	63,517,532	63,318,121	45,497,891	35,459,196	44,275,420	—
Equity attributed to parent company's shareholders		122,629,326	115,762,580	95,897,663	73,509,487	61,409,619	
Capital		7,703,911	7,703,911	7,703,911	7,507,031	7,507,031	—
Capital reserve		20,269,657	20,274,286	20,276,071	16,974,456	16,924,117	—
Retained earnings	Before Distribution	97,143,287	82,827,439	62,330,904	48,216,767	38,917,729	—
	After Distribution	97,143,287	75,123,528	57,708,558	44,456,501	34,413,510	—
Other equity		-2,487,529	4,956,944	5,586,777	811,233	-1,939,258	—
Treasury stock		0	0	0	0	0	—
Minority equity		200,726	202,882	191,496	170,619	178,756	—
Total Equity Total Equity	Before Distribution After Distribution	122,830,052	115,965,462	96,089,159	73,680,106	61,588,375	—
	Before Distribution	122,830,052	108,261,551	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 2017 shareholders' meeting has not yet been convened, the amount after distribution in 2016 represents the same as the amount before distribution.
Note 3: Up until the printing date, Q1/2017 financial report is not yet available.

(2)Abbreviated Parent Company Balance Sheet -IFRS

Item / Year		Past Five Fiscal Year (Note1)					As of 2017/03/31
		2016	2015	2014	2013	2012	(Note 3)
Current Assets		66,840,329	58,234,017	21,821,968	16,547,660	10,995,991	—
Property, Plant and Equipment		5,989,971	5,804,281	6,023,585	5,893,366	6,086,548	—
Intangible Assets		2,041	4,829	6,229	11,625	6,524	—
Other Assets		112,783,180	103,342,337	88,251,251	69,344,402	56,659,699	—
Total Assets		185,615,521	167,385,464	116,103,033	91,797,053	73,748,762	—
Current Liabilities	Before Distribution	62,070,808	48,064,998	20,010,906	18,165,528	11,231,743	—
	After Distribution	62,070,808	55,768,909	24,633,252	21,925,794	15,735,962	—
Long-term Liabilities		915,387	3,557,886	194,464	122,038	1,107,400	—
Total Liabilities	Before Distribution	62,986,195	51,622,884	20,205,370	18,287,566	12,339,143	—
	After Distribution	62,986,195	59,326,795	24,827,716	22,047,832	16,843,362	—
Equity attributed to parent company's shareholders		122,629,326	115,762,580	95,897,663	73,509,487	61,409,619	
Capital		7,703,911	7,703,911	7,703,911	7,507,031	7,507,031	—
Capital reserve		20,269,657	20,274,286	20,276,071	16,974,456	16,924,117	—
Retained earnings	Before Distribution	97,143,287	82,827,439	62,330,904	48,216,767	38,917,729	—
	After Distribution	97,143,287	75,123,528	57,708,558	44,456,501	34,413,510	—
Other equity		-2,487,529	4,956,944	5,586,777	811,233	-1,939,258	—
Treasury stock		0	0	0	0	0	—
Minority equity		0	0	0	0	0	—
Total Equity Total Equity	Before Distribution After Distribution	122,629,326	115,762,580	95,897,663	73,509,487	61,409,619	—
	Before Distribution	122,629,326	108,058,669	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 2017 shareholders' meeting has not yet been convened, the amount after distribution in 2016 represents the same as the amount before distribution.
Note 3: Up until the printing date, Q1/2017 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 201703/31
	2016	2015	2014	2013	2012	
Net Operating Revenues	79,113,653	82,413,385	55,277,365	43,245,550	37,028,798	—
Gross Profit	34,397,630	38,146,556	26,101,348	18,320,726	16,043,907	—
Operating Income (Loss)	27,490,819	29,425,687	20,024,925	13,915,661	12,160,421	—
Net Non-operating Income (expenses)	5,134,229	5,271,311	3,519,678	3,612,614	1,783,562	—
Income (loss) Before Tax From Continuing Operations	32,625,048	34,696,998	23,544,603	17,528,275	13,943,983	—
Income (loss) From Continuing Operations	22,068,278	25,181,351	17,887,757	13,817,120	10,829,958	—
Income (loss) From Discontinued Operations	—	—	—	—	—	—
Net Profit (loss)	22,068,278	25,181,351	17,887,757	13,817,120	10,829,958	—
Other Comprehensive Income (loss)	-7,512,681	-680,917	4,783,066	2,760,864	-1,960,710	—
Total Comprehensive Income (loss)	14,555,597	24,500,434	22,670,823	16,577,984	8,869,248	—
Net Profit attributed to Parent Company's shareholders	22,019,794	25,120,856	17,877,167	13,801,184	10,811,975	—
Net Profit attributed to minority	48,484	60,495	10,590	15,936	17,983	—
Comprehensive Income attributed to Parent Company's shareholders	14,575,286	24,489,048	22,649,946	16,553,748	8,858,404	—
Comprehensive Income attributed to minority	-19,689	11,386	20,877	24,236	10,844	—
Earnings Per Share (Note 2)	28.58	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, Q1/2017 financial report is not yet available.

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

Item \ Year	Past Five Fiscal Year (Note1)					As at 2017/03/31
	2016	2015	2014	2013	2012	
Net Operating Revenues	59, 353, 755	60, 170, 232	14, 880, 243	22, 228, 284	11, 743, 036	(Note 3)
Gross Profit	5, 053, 498	6, 880, 773	4, 446, 051	2, 429, 922	3, 006, 961	—
Operating Income (Loss)	4, 253, 180	5, 773, 045	3, 864, 901	1, 953, 420	2, 463, 777	—
Net Non-operating Income (expenses)	21, 101, 513	21, 748, 436	15, 654, 274	12, 745, 508	9, 375, 413	—
Income (loss) Before Tax From Continuing Operations	25, 354, 693	27, 521, 481	19, 519, 175	14, 698, 928	11, 839, 190	—
Income (loss) From Continuing Operations	22, 019, 794	25, 120, 856	17, 877, 167	13, 801, 184	10, 811, 975	—
Income (loss) From Discontinued Operations	—	—	—	—	—	—
Net Profit (loss)	22, 019, 794	25, 120, 856	17, 877, 167	13, 801, 184	10, 811, 975	—
Other Comprehensive Income (loss)	-7, 444, 508	-631, 808	4, 772, 779	2, 752, 564	-1, 953, 571	—
Total Comprehensive Income (loss)	14, 575, 286	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	—	—	—	—	—	—
Comprehensive Income attributed to Parent Company's shareholders	—	—	—	—	—	—
Comprehensive Income attributed to minority	—	—	—	—	—	—
Earnings Per Share (Note 2)	28. 58	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, Q1/2017 financial report is not yet available.

2. Abbreviated Balance Sheets and Income Statements –TW GAAP

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

Year / Item		Past Five Fiscal Year (Note1)				
		2016	2015	2014	2013	2012
Current Assets						11,015,029
Funds and Investments						55,901,800
Property, Plant and Equipment						5,889,284
Intangible Assets						7,928
Other Assets		Not	Not	Not	Not	542,374
Total Assets						73,356,415
Current Liabilities	Before Distribution					5,565,540
	After Distribution					9,322,121
Long-term Liabilities						1,000,000
Other Liabilities						113,315
Total Liabilities	Before Distribution					10,727,093
	After Distribution					14,483,674
Capital						7,507,031
Capital reserve		Applicable	Applicable	Applicable	Applicable	16,932,463
Retained earnings	Before Distribution					29,014,195
	After Distribution					25,257,614
Unrealized Gain or Loss on Financial Instruments						35,356
Cumulative Translation Adjustments						394,205
Unrecognized Pension Cost						0
Total Equity Total Equity	Before Distribution After Distribution					61,031,258
	Before Distribution					56,527,039

(2) Abbreviated Consolidated Balance Sheet –TW GAAP

Year / Item	Past Five Fiscal Year (Note1)				
	2016	2015	2014	2013	2012
Current Assets					66,632,714
Funds and Investments					1,718,384
Property, Plant and Equipment					30,998,040
Intangible Assets					697,916
Other Assets	Not	Not	Not	Not	878,789

Total Assets						100,925,843
Current Liabilities	Before Distribution					36,741,374
	After Distribution					41,245,593
Long-term Liabilities						2,862,875
Other Liabilities						111,479
Total Liabilities	Before Distribution					39,715,728
	After Distribution					44,219,947
Capital						7,507,031
Capital reserve		Applicable	Applicable	Applicable	Applicable	16,932,463
Retained earnings	Before Distribution					36,151,184
	After Distribution					31,646,965
Unrealized Gain or Loss on Financial Instruments						35,356
Cumulative Translation Adjustments						394,205
Unrecognized Pension Cost						0
Total Equity Total Equity	Before Distribution After Distribution					61,210,115
	Before Distribution					56,705,896

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

Year / Item	Past Five Fiscal Year (Note1)				
	2016	2015	2014	2013	2012
Net Operating Revenues					11, 743, 036
Gross Profit					3, 008, 899
Operating Income (Loss)	Not	Not	Not	Not	2, 467, 337
Non-operating Income					9, 820, 401
Non-operating expenses					369, 973
Income (loss) Before Tax From Continuing Operations					11, 917, 765
Income (loss) From Continuing Operations					10, 890, 485
Income (loss) From Discontinued Operations					—
Extraordinary Items	Applicable	Applicable	Applicable	Applicable	—
Cumulative Effect of Change in Accounting Principle					—
Net income					10, 890, 485

Earnings Per Share (Note 2)					14.51

(4) Abbreviated Consolidated Income Statement –TW GAAP

Year / Item	Past Five Fiscal Year (Note1)				
	2016	2015	2014	2013	2012
Net Operating Revenues					37,028,798
Gross Profit					16,039,025
Operating Income (Loss)	Not	Not	Not	Not	12,158,274
Non-operating Income					2,137,556
Non-operating expenses					344,745
Income (loss) Before Tax From Continuing Operations					13,951,085
Income (loss) From Continuing Operations					10,909,043
Income (loss) From Discontinued Operations					–
Extraordinary Items	Applicable	Applicable	Applicable	Applicable	–
Cumulative Effect of Change in Accounting Principle					–
Net income					10,909,043
Earnings Per Share (Note 2)					14.51

3. Names of the Auditors and the Opinions:

Year	CPA Firm	CPA	Auditors' Opinion	Reason for change CPA
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
2016	Deloitte & Touche	Hung Ju Liao Chun Chi Kung	unqualified opinion	

2. Financial Analysis for the Past Five Years

(1) Consolidated Financial Analysis -IFRS

Analysis Items (Year)		2016	2015	2014	2013	2012	As of 2017/03/31 (Note 3)
		Financial Information For The Past 5 Years (Note 2)					
Capital Structure (%)	Debt ratio	34.08	32.41	29.84	30.08	39.24	—
	Long-term Funds to Fixed Assets	240.19	197.08	211.20	210.61	208.58	—
Liquidity (%)	Current Ratio	223.32	230.76	248.22	206.96	180.91	—
	Quick Ratio	215.02	209.41	216.18	191.8	168.65	—
	Times Interest Earned	13,866.71	20,135.33	14,438.28	6,114.93	4,708.88	—
Operating Performance	Accounts Collection Turnover (times)	2.56	3.34	2.87	2.65	2.69	—
	Average Collection Days	142.57	109.28	127.17	137.74	135.69	—
	Inventory Turnover (times)	8.35	6.89	6.16	7.88	8.42	—
	Average Payable Turnover (times)	7.60	7.07	5.30	6.14	6.36	—
	Inventory Turnover Days	43.71	52.97	59.25	46.32	43.35	—
	Fixed asset Turnover (times)	1.44	1.58	1.22	1.24	1.20	—
	Total asset Turnover (times)	0.44	0.53	0.40	0.41	0.37	—
Profitability	Return on Assets (%)	12.42	16.40	14.87	13.59	11.58	—
	Return on Equity (%)	18.51	23.79	21.12	20.48	18.40	—
	Income Before Tax as ％ of Capital	423.48	450.38	305.62	233.49	185.75	—
	Net income to Sales (%)	27.89	30.55	32.36	31.95	29.25	—
	EPS（NTD）(Note 1）	28.58	32.61	23.52	18.38	14.40	—
Cash Flow (%)	Cash Flow Ratio	46.23	74.07	83.85	63.71	26.47	—
	Cash Flow Adequacy Ratio	121.23	111.34	105.78	107.75	80.15	—
	Cash flow Reinvestment Ratio	11.18	18.17	18.32	17.31	7.94	—
Leverage	Operating Leverage	2.03	1.99	1.97	2.16	2.12	—
	Financial Leverage	1.00	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, Q1/2017 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		2016	2015	2014	2013	2012	As of 2017/03/21 (Note 3)
	Year: Financial Information For The Past 5 Years (Note 2)						
Capital Structure (%)	Debt Ratio	33.93	30.84	17.40	19.92	16.73	—
	Long-term Funds to Fixed Assets	2047.24	1,994.43	1,592.03	1,247.33	1,025.37	—
Liquidity (%)	Current Ratio	107.68	121.15	109.05	91.09	97.9	—
	Quick Ratio	105.47	120.11	107.00	88.72	94.45	—
	Times Interest Earned	11177.48	16,021.80	13,075.50	11,487.19	13,685.93	—
Operating Performance	Accounts Collection Turnover (times)	2.72	4.21	2.22	4.41	2.10	—
	Average Collection Days	134.19	86.69	164.41	82.77	173.81	—
	Inventory Turnover (times)	80.17	136.46	27.81	53.87	24.99	—
	Average Payable Turnover (times)	2.9	5.06	7.01	12.50	3.74	—
	Inventory Turnover Days	4.55	2.67	13.12	6.78	14.61	—
	Fixed asset Turnover (times)	10.06	10.17	2.47	3.77	1.93	—
	Total asset Turnover (times)	0.33	0.42	0.13	0.24	0.16	—
Profitability	Return on Assets (%)	12.58	17.83	17.33	16.82	15.47	—
	Return on Equity (%)	18.47	23.73	21.11	20.46	18.37	—
	Income Before Tax as ％ of Capital	329.11	357.24	253.37	195.80	157.71	—
	Net income to Sales (%)	37.09	41.74	120.14	62.09	92.07	—
	EPS（NTD）(Note 1）	28.58	32.61	23.52	18.38	14.40	—
Cash Flow (%)	Cash Flow Ratio	-2.51	34.41	16.81	0.39	30.15	—
	Cash Flow Adequacy Ratio	72.77	113.10	44.88	32.89	64.81	—
	Cash flow Reinvestment Ratio	-7.26	9.72	-0.40	-5.59	-0.57	—
Leverage	Operating Leverage	8.12	6.18	2.57	6.71	3.07	—
	Financial Leverage	1.05	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, Q1/2017 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 2016 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

Year / Analysis Items			Financial Information For The Past 5 Years (Note 2)				
			2016	2015	2014	2013	2012
Capital Structure (%)	Debt ratio						39.35
	Long-term Funds to Fixed Assets						206.12
Liquidity (%)	Current Ratio						181.36
	Quick Ratio						168.88
	Times Interest Earned		Not	Not	Not	Not	5,616.71
Operating Performance	Accounts Collection Turnover (times)						2.69
	Average Collection Days						135.69
	Inventory Turnover (times)						8.42
	Average Payable Turnover (times)						6.45
	Inventory Turnover Days						43.35
	Fixed asset Turnover (times)						1.19
	Total asset Turnover (times)						0.37
Profitability	Return on Assets (%)						11.72
	Return on Equity (%)						18.67
	％ of Capital	Operating Income					161.96
		Income Before Tax					185.84
	Net income to Sales (%)		Applicable	Applicable	Applicable	Applicable	29.46
	EPS（NTD）（Note 1）						14.51
Cash Flow (%)	Cash Flow Ratio						31.24
	Cash Flow Adequacy Ratio						111.13
	Cash flow Reinvestment Ratio						10.36
Leverage	Operating Leverage						2.12
	Financial Leverage						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.

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

Analysis Items / Year			2016	2015	2014	2013	2012
			Financial Information For The Past 5 Years (Note 2)				
Capital Structure (%)	Debt ratio						16.80
	Long-term Funds to Fixed Assets						1,053.29
Liquidity (%)	Current Ratio						98.24
	Quick Ratio						94.62
	Times Interest Earned		Not	Not	Not	Not	13,776.10
Operating Performance	Accounts Collection Turnover (times)						2.10
	Average Collection Days						173.80
	Inventory Turnover (times)						24.99
	Average Payable Turnover (times)						3.74
	Inventory Turnover Days						14.60
	Fixed asset Turnover (times)						1.99
	Total asset Turnover (times)						0.16
Profitability	Return on Assets (%)						15.67
	Return on Equity (%)						18.64
	％ of Capital	Operating Income					32.87
		Income Before Tax					158.75
	Net income to Sales (%)		Applicable	Applicable	Applicable	Applicable	92.74
	EPS（NTD）(Note 1)						14.51
Cash Flow (%)	Cash Flow Ratio						30.35
	Cash Flow Adequacy Ratio						32.13
	Cash flow Reinvestment Ratio						-0.55
Leverage	Operating Leverage						3.06
	Financial Leverage						1.04

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 / 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. Audit Committee’s Review Report

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2016 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

I ndependent Director:

Independent Director:

Independent Director:

March 16, 2017

4. Consolidated Financial Statements

Please refer to appendix 1

5. Financial Statements

Please refer to the Chinese version of 2016 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	2016	2015	Difference	
			Amount	%
Current Assets	127,943,044	103,551,236	24,391,808	24%
Fixed Assets, Plant and Equipment	51,055,042	58,737,606	-7,682,564	-13%
Intangible Assets	109,353	141,521	-32,168	-23%
Other Assets	7,240,105	9,149,309	-1,909,204	-21%
Total assets	186,347,544	171,579,672	14,767,872	9%
Current Liabilities	57,291,101	44,873,539	12,417,562	28%
Long-term Liabilities	6,226,431	10,740,671	-4,514,240	-42%
Total liabilities	63,517,532	55,614,210	7,903,322	14%
Equity attributed to parent company's shareholders	122,629,326	115,762,580	6,866,746	6%
Capital	7,703,911	7,703,911	0	0%
Capital Reserve	20,269,657	20,274,286	-4,629	0%
Retained Earnings	97,143,287	82,827,439	14,315,848	17%
Shareholders' Equity - others	-2,487,529	4,956,944	-7,444,473	-150%
Treasury stock	0	0	0	0%
Minority equity	200,726	202,882	-2,156	-1%
Total Equity	122,830,052	115,965,462	6,864,590	6%

(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	2016	2015	Increase (Decrease) Amount	Percentage of change (%)
Net sales	79,113,653	82,413,385	-3,299,732	-4%
Gross Profit	34,397,630	38,146,556	-3,748,926	-10%
Operating Income (Loss)	27,490,819	29,425,687	-1,934,868	-7%
Non-Operating Income (Expenses)	5,134,229	5,271,311	-137,082	-3%
Income before Income Tax	32,625,048	34,696,998	-2,071,950	-6%
Profit from Continuing Operations	22,068,278	25,181,351	-3,113,073	-12%
Loss from Discontinued Operations	—	—	—	—
Net Income (Loss)	22,068,278	25,181,351	-3,113,073	-12%
Other Comprehensive Income	-7,512,681	-680,917	-6,831,764	1003%
Total Comprehensive Income	14,555,597	24,500,434	-9,944,837	-41%
Net Profit attributed to Parent Company's shareholders	22,019,794	25,120,856	-3,101,062	-12%
Net Profit attributed to Non-Controlling Equity	48,484	60,495	-12,011	-20%
Total Comprehensive Income attributed to Parent Company's shareholders	14,575,286	24,489,048	-9,913,762	-40%
Total Comprehensive Income attributed to Non-controlling Equity	-19,689	11,386	-31,075	-273%
Earnings per Share	28.58	32.61	-4.03	-12%

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) (2015.12.31)	Net Cash Provided by Operating Activities (B) (2016	Net cash Provided from Investing and Financing Activities (C) (2016)	Impact from changes in Foreign Currency Exchange Rate (D) (2016)	Balance of Net Cash (A+B+C+D) (2016.12.31)	Remedy for cash shortfall	
					Investment Plan	Finance plan
$65,678,648	$26,490,557	-$58,520,549	-$3,981,663	$29,666,993	–	–

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

- **Operating Activities**

  Cash inflow approximately NTD 26,490,557 thousand was mainly because the Company continued to generate profits

- **Investing Activities**

  Cash outflow approximately NTD 65,977,183 thousand was mainly due to the increase in purchasing equipment/machinery for capacity expansion.

- **Financing Activities**

  Cash inflow approximately NTD 7,456,634 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 $21,218,316 thousand in 2016. These gains were mostly contributed from subsidiaries.

(3) Investment Plans

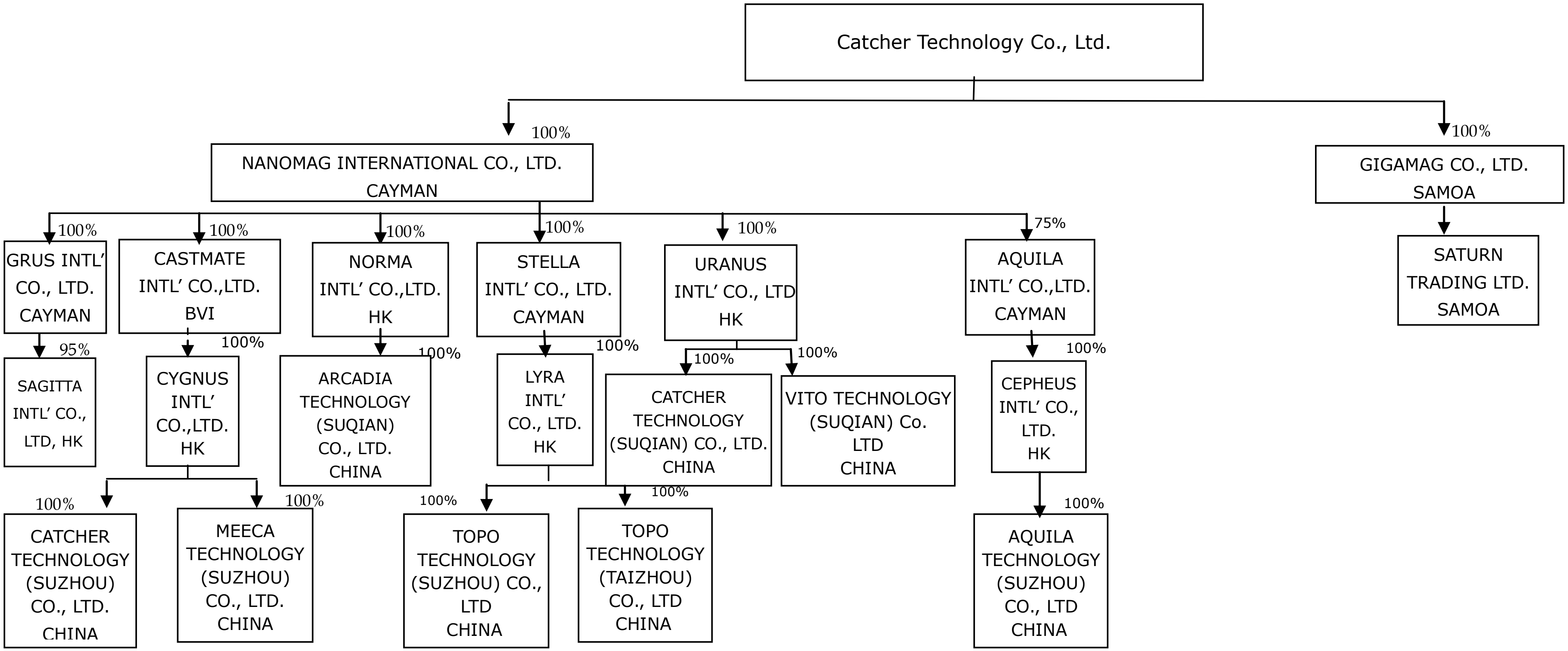
Based on the Company's global strategy, the Company will set up manufacturing site or sales centers in key global area which will be able to provide service and inventory to our customers in a timely basis. In addition, depending on the business development, the Company may expand its scale by setting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

Eight、 Special items to be included

1. Summary of Affiliated Enterprises

(1)The Consolidated Operating Report

A. Organizational Chart (2016.12.31)



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

2016/12/31; 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	nvestment activities
Norma International Co., Limited	2014.09.18	12/F, RUTTONJEE HOUSE, 11 DUDDELL 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 DUDDELL 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	—	—
Meeca 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: Lawerence Kuo	—	—

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

F. Summarized Operation Results of Affiliated Enterprises

2016/12/31; 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, 2016 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
2017/03/16

(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, 2016 and 2015 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, 2016 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CATCHER TECHNOLOGY CO., LTD.

By

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SHUI-SHU HONG
Chairman
March 16, 2017

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Catcher Technology Co., Ltd. Company (the Company) and its subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Taiwan, the Republic of China(ROC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of 2016 consolidated financial statement of the Group are as follow:

As of December 31, 2016, the value of the net inventory held by the Group was NT$ $3,455,707 thousand (NT$ is the functional currency here), an amount that the inventory valuation and obsolescence loss of $1,111,292 thousand was deducted and is as disclosed in Notes 4(f), 5(6), and

9 to the consolidated financial statements, denoting a 24% of inventory loss. The Group operates in a fast-changing industry whereby developments in product technology and demand of the market may result in slow moving or obsolescence of inventories. Because the amount of inventory valuation and obsolescence loss involves material estimation of the management, we deemed inventory valuation and obsolescence loss to a key audit matter.

Our audit procedures included:

- Determining the appropriateness of the Group's methodology for the valuation of its inventory valuation and obsolescence losses based on our understanding of the business and industry knowledge, coupled with our understanding of the nature and aging of its inventory.

- Obtaining the valuation report of the net realizable value of the inventory to assess the adequacy of inventory valuation by comparing the carrying value to the latest sales price for a sample of items.

- Attending year-end inventory counts to inspect the condition of inventory to determine the appropriateness of the recognition of inventory valuation and obsolescence losses for obsolete and damaged goods.

Other Matter

We did not audit the financial statements of the associate, Sinher Technology Co., Ltd., accounted for using the equity method for the years ended December 31, 2016 and 2015. The 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 $380,788 thousand and $408,345 thousand, or 0.20% and 0.24% of the consolidated total assets as of December 31, 2016 and 2015, respectively. Comprehensive income amounts recognized under the equity method were $60,698 thousand and $68,276 thousand, or 0.42% and 0.28% of the consolidated comprehensive income for the years ended December 31, 2016 and 2015, respectively.

We have also audited the parent company only financial statements of Catcher Technology Co., Ltd. as of and for the years ended December 31, 2016 and 2015 on which we have issued an unqualified opinion modified report.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hung Ju, Liao and Chun Chi, Kung.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 16, 2017

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, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	December 31, 2016		December 31, 2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 29,666,993	16	$ 65,678,648	38
Debt investments with no active market - current (Note 4 and 7)	59,767,949	32	5,308	-
Accounts receivable (Notes 4 and 8)	33,434,215	18	28,180,044	17
Other receivables	273,662	-	100,566	-
Current tax assets (Note 24)	47,265	-	5,839	-
Inventories (Notes 4, 5 and 9)	3,455,707	2	7,243,801	4
Prepayments for lease (Notes 15)	27,816	-	31,254	-
Other current assets (Note 16)	1,269,437	1	2,305,776	1
Total current assets	127,943,044	69	103,551,236	60
NON-CURRENT ASSETS				
Investments accounted for using equity method (Notes 4 and 11)	539,634	-	1,473,633	1
Property, plant and equipment (Notes 4, 12 and 31)	51,055,042	27	58,737,606	34
Investment properties (Notes 4, 13 and 31)	244,973	-	250,382	-
Other intangible assets (Notes 4 and 14)	109,393	-	141,521	-
Deferred tax assets (Notes 4 and 24)	3,972,874	2	4,702,028	3
Long-term prepayments for lease (Notes 15)	1,165,302	1	1,296,769	1
Other non-current assets (Note 16)	1,317,322	1	1,426,497	1
Total non-current assets	58,404,540	31	68,028,436	40
TOTAL	$ 186,347,584	100	$ 171,579,672	100

	December 31, 2016		December 31, 2015	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 38,474,388	21	$ 22,985,500	13
Notes payable (Note 18)	59,217	-	45,314	-
Accounts payable (Note 18)	5,404,082	3	6,243,366	4
Other payables (Note 19)	7,395,038	4	7,385,229	4
Current tax liabilities (Note 24)	3,693,480	2	4,948,881	3
Other current liabilities (Note 19)	2,264,896	1	3,265,249	2
Total current liabilities	57,291,101	31	44,873,539	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 15 and 31)	145,000	-	-	-
Deferred tax liabilities (Notes 4, 5 and 24)	184,127	-	110,490	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	6,549	-	6,544	-
Other non-current liabilities (Note 19)	5,890,755	3	10,623,637	6
Total non-current liabilities	6,226,431	3	10,740,671	6
Total liabilities	63,517,532	34	55,614,210	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Capital stock - common stock	7,703,911	4	7,703,911	5
Capital surplus	20,269,657	11	20,274,286	12
Retained earnings				
Legal reserve	11,221,396	6	8,709,310	5
Special reserve	2,377,902	1	2,377,902	1
Unappropriated earnings	83,543,989	45	71,740,227	42
Total retained earnings	97,143,287	52	82,827,439	48
Other equity	(2,487,529)	(1)	4,956,944	3
Total equity attributable to owners of the Company	122,629,326	66	115,762,580	68
NON - CONTROLLING INTERESTS	200,726	-	202,882	-
Total equity	122,830,052	66	115,965,462	68
TOTAL	$ 186,347,584	100	$ 171,579,672	100

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

(With Deloitte & Touche auditors' report dated March 16, 2017)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 22)	$ 79,113,653	100	$ 82,413,385	100
OPERATING COSTS (Notes 9, 12, 20, 23 and 30)	44,716,023	56	44,266,829	54
GROSS PROFIT	34,397,630	44	38,146,556	46
OPERATING EXPENSES (Note 20 and 23)				
Selling and marketing expenses	495,782	1	665,604	1
General and administrative expenses	5,122,412	6	6,402,306	7
Research and development expenses	1,288,617	2	1,652,959	2
Total operating expenses	6,906,811	9	8,720,869	10
PROFIT FROM OPERATIONS	27,490,819	35	29,425,687	36
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	720,921	1	433,846	-
Other income	3,097,237	4	3,055,581	4
Foreign exchange gain, net	1,322,754	1	1,830,684	2
Other gains and losses	143,820	-	109,970	-
Interest expense	(236,985)	-	(173,179)	-
Share of profit of associates	86,482	-	14,409	-
Total non-operating income and expenses	5,134,229	6	5,271,311	6
PROFIT BEFORE INCOME TAX	32,625,048	41	34,696,998	42
INCOME TAX EXPENSE (Notes 4 and 24)	10,556,770	13	9,515,647	11
NET PROFIT	22,068,278	28	25,181,351	31
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 20)	-	-	(2,356)	-
Share of the other comprehensive income of associates accounted for using the equity method	(35)	-	(20)	-

(Continued)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016 Amount	2016 %	2015 Amount	2015 %
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	$ -	-	$ 401	-
	(35)	-	(1,975)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(7,507,995)	(10)	(683,644)	(1)
Share of the other comprehensive income of associates accounted for using the equity method	(4,651)	-	4,702	-
	(7,512,646)	(10)	(678,942)	(1)
Other comprehensive income for the year, net of income tax	(7,512,681)	(10)	(680,917)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 14,555,597	18	$ 24,500,434	30
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 22,019,794	28	$ 25,120,856	31
Non-controlling interests	48,484	-	60,495	-
	$ 22,068,278	28	$ 25,181,351	31
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 14,575,286	18	$ 24,489,048	30
Non-controlling interests	(19,689)	-	11,386	-
	$ 14,555,597	18	$ 24,500,434	30
EARNINGS PER SHARE (Note 25)				
Basic	$ 28.58		$ 32.61	
Diluted	$ 28.26		$ 32.54	

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

(With Deloitte & Touche auditors' report dated March 16, 2017) (Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners, of the Company								
			Retained Earnings			Other Equity			
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2015	$ 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 (Note 11)	-	(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
Appropriation of the 2015 earnings :									
Legal reserve	-	-	2,512,086	-	(2,512,086)	-	-	-	-
Cash dividends distributed by the Company - 100%	-	-	-	-	(7,703,911)	-	(7,703,911)	-	(7,703,911)
Change in capital surplus from investments in associates accounted for by using equity method	-	(9)	-	-	-	-	(9)	-	(9)
Net profit for the year ended December 31, 2016	-	-	-	-	22,019,794	-	22,019,794	48,484	22,068,278
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	(35)	(7,444,473)	(7,444,508)	(68,173)	(7,512,681)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	22,019,759	(7,444,473)	14,575,286	(19,689)	14,555,597
Disposal of investments accounted for by using equity method (Note 11)	-	(4,578)	-	-	-	-	(4,578)	-	(4,578)
Actual disposal of interest in subsidiaries	-	(42)	-	-	-	-	(42)	17,533	17,491
BALANCE, DECEMBER 31, 2016	$ 7,703,911	$ 20,269,657	$ 11,221,396	$ 2,377,902	$ 83,543,989	$ (2,487,529)	$ 122,629,326	$ 200,726	$ 122,830,052

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

(With Deloitte & Touche audit report dated March 16, 2017)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 32,625,048	$ 34,696,998
Adjustments for:		
Depreciation expenses	11,121,079	9,905,693
Amortization expenses	74,667	80,110
Reversal of impairment loss on accounts receivable	36,295	(566)
Interest expenses	236,985	173,179
Interest income	(720,921)	(433,846)
Share of profit of associates	(86,482)	(14,409)
(Gain) / loss on disposal of property, plant and equipment	(28,048)	97,726
Loss on disposal of other intangible assets	910	5,867
Gain on disposal of investment	(96,341)	(17,361)
Write-down of inventories	672,017	94,550
Impairment loss (gain on reversal of impairment loss) recognized on property, plant and equipment	97,272	(109,172)
Unrealized (gain) / loss on foreign currency exchange	426,407	(17,628)
Changes in operating assets and liabilities		
Accounts receivable	(5,138,729)	(7,100,805)
Other receivables	(55,540)	241,855
Inventories	3,117,271	(1,723,846)
Other current assets	1,027,811	1,733,614
Notes payable	13,903	(94,393)
Accounts payable	(826,626)	125,501
Other payables	459,917	2,077,647
Other current liabilities	(723,221)	1,121,990
Net defined benefit liability	5	-
Other non-current liabilities	(4,724,461)	2,155,957
Cash generated from operations	37,509,218	42,998,661
Dividend received	32,145	46,538
Income tax paid	(11,050,806)	(9,805,168)
Net cash generated from operating activities	26,490,557	33,240,031
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of debt investments with no active market	(63,867,300)	(39,028)
Proceeds from disposal of debt investments with no active market	4,616,895	51,515
Acquisition of associates	(20,000)	(8,000)
Net cash inflow on disposal of associates	1,101,751	34,687
Proceeds from the capital reduction of investments accounted for using equity method	74	11,280
Proceeds from disposal of non-current assets held for sale	-	618,199
Acquisition of property, plant and equipment	(8,523,896)	(19,845,862)
Proceeds from disposal of property, plant and equipment	101,217	34,852
Increase in refundable deposits	(3,188)	(1,645)
Decrease in refundable deposits	15,861	1,684

(Continued)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Acquisition of other intangible assets	$ (26,536)	$ (53,303)
Proceeds from disposal of other intangible assets	2,426	-
Acquisition of investment properties	(347)	(996)
Increase in prepayments for lease	-	(412,096)
Interest received	625,860	481,010
Net cash used in investing activities	(65,977,183)	(19,127,703)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	110,611,875	98,117,500
Repayments of short-term borrowings	(95,099,906)	(90,659,000)
Proceeds from long-term borrowings	1,971,000	-
Repayments of long-term borrowings	(1,826,000)	-
Proceeds from guarantee deposits received	354,441	1,066,981
Refund of guarantee deposits received	(620,630)	(1,000,040)
Cash dividends	(7,703,911)	(4,622,346)
Interest paid	(230,235)	(170,794)
Net cash generated from financing activities	7,456,634	2,732,301
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(3,981,663)	714,929
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(36,011,655)	17,559,558
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	65,678,648	48,119,090
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 29,666,993	$ 65,678,648

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

(With Deloitte & Touche auditors' report dated March 16, 2017) (Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

The Company's shares were listed and traded on the Taiwan GreTai Securities Market 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 increased its capital by listing its shares in the form of Global Depositary Receipts (GDRs) on the Luxembourg Stock Exchange (Euro MTF) in June 2011.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were published after being approved by the Company's board of directors on March 16, 2017.

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

a. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

   Order No. 1050050021 and Order No. 1050026834 issued by the FSC stipulated that starting January 1, 2017, the Group should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the IFRSs) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the New IFRSs)	Effective Date Announced by IASB (Note 1)
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)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
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
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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 in 2017 of the above IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies, except for the following:

Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions.

The amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The disclosures of related party transactions will be enhanced when the above amendments are retrospectively applied in 2017.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

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

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that amendments to IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
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
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment 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 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

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"

<u>Recognition and measurement of financial assets</u>

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 the 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.

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.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required.

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

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

See Note 10, 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.

On the disposal of the Company's entire interest in a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

f. Inventories

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

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

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.

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.

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. 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 trade 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, debt investment with no active market trade, other receivable, and refundable deposits) 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 uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable account receivables that are written off again 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.

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.

m. 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 the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, and the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, which export sales bases on the terms of trade, and domestic sales bases on the acceptance date of the other side.

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 is recognized when the shareholder's right to receive payment has been established provided.

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

n. Leasing

Leases are classified as finance lease whenever the terms of 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.

o. Borrowing costs

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

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

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

p. Government grants

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

q. Employee benefits

1) Short-term employee benefits

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

r. Taxation

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

1) Current tax

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

a. Income taxes

As of December 31, 2016 and 2015, the Company's management resolved that the unappropriated retained earnings of overseas subsidiaries as of December 31, 2016 will be used for permanent investment to support subsidiaries' operating fund; this was approved by the board of directors on March 16, 2017. Therefore, no deferred tax liabilities were recognized on the subsidiaries' unappropriated earnings. If the retained earnings of overseas subsidiaries will be appropriated in the future, a material recognition of deferred tax liabilities may arise, which would be recognized in profit or loss for the period in which such appropriation takes place.

b. Write-down of 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

	December 31	
	2016	**2015**
Cash on hand	$ 8,716	$ 6,288
Savings accounts in banks	1,491,944	6,996,648
Cash equivalent (investments with original maturities less than three months)		
Time deposits	27,548,056	57,883,229
Repurchase agreements	618,277	792,483
	$ 29,666,993	$ 65,678,648

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

	December 31	
	2016	**2015**
Time deposits	0.91%～2.62%	0.005%～4.09%
Repurchase agreements	1.50%	1.30%～1.50%

7. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	December 31	
	2016	**2015**
Time deposits with original maturity more than 3 months	$ 59,767,949	$ 5,308
The range of interest rates	1.00%～1.75%	2.55%～3.025%

8. ACCOUNTS RECEIVABLE

	December 31	
	2016	2015
Accounts receivable		
Accounts receivable - operating	$ 33,478,113	$ 28,188,482
Less: Allowance for impairment loss	43,898	8,438
	$ 33,434,215	$ 28,180,044

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:

	December 31	
	2016	2015
Less than 90 days	$ 25,326,795	$ 23,564,643
91 - 120 days	5,361,914	1,957,471
121 - 150 days	1,574,030	2,011,218
151 - 180 days	1,041,826	568,033
181 - 240 days	117,919	84,583
More than 241 days	55,629	2,534
	$ 33,478,113	$ 28,188,482

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

	December 31	
	2016	2015
151 - 180 days	$ 93,856	$ 4,477
181 - 240 days	117,919	84,583
More than 241 days	20,169	2,534
	$ 231,944	$ 91,594

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2015	$ 9,008	$ -	$ 9,008
Less: Amounts recovered	(566)	-	(566)
Foreign exchange translation gains and losses	(4)	-	(4)
Balance at December 31, 2015	8,438	-	8,438
Add: Amounts written off	36,295	-	36,295
Foreign exchange translation gains and losses	(835)	-	(835)
Balance at December 31, 2016	$ 43,898	$ -	$ 43,898

9. INVENTORIES

	December 31	
	2016	2015
Merchandise	$ 8,203	$ 18,175
Finished goods	1,066,773	3,418,701
Work in process and semi-finished goods	1,513,024	3,002,415
Raw materials and supplies	867,707	804,510
	$ 3,455,707	$ 7,243,801

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 was NT$44,736,596 thousand and NT$44,271,125 thousand, respectively.

The cost of goods sold for the years ended December 31, 2016 and 2015 included inventory write-downs of NT$672,017 thousand and NT$94,550 thousand, respectively.

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

			% of Ownership December 31		
Investor	Investee	Main Business	2016	2015	Remark
Catcher Technology Co., Ltd.	Nanomag International Co., Ltd.	Investing activities	100	100	
	Gigamag Co., Ltd.	Investing activities	100	100	
Nanomag International Co., Ltd.	Castmate International Co., Ltd.	Investing activities	100	100	
	Stella International Co., Ltd.	Investing activities	100	100	
	Uranus International Co., Ltd.	Investing activities	100	100	
	Aquila International Co., Ltd.	Investing activities	75	75	
	Grus International Co., Ltd.	Investing activities	100	100	
	Norma International Co, Ltd.	Investing activities	100	100	

(Continued)

Investor	Investee	Main Business	% of Ownership December 31 2016	2015	Remark
Castmate International Co., Ltd.	Cygnus International Co., Ltd.	Investing activities	100	100	
Cygnus International Co., Ltd.	Catcher Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	-	100	(a)
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
Stella International Co., Ltd.	Lyra International Co., Ltd.	Investing activities	100	100	
Lyra International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
	Topo Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
	Meeca Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	-	(b)
Uranus International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
	Vito Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	
Aquila International Co., Ltd.	Cepheus International Co., Ltd.	Investing activities	100	100	
Cepheus International Co., Ltd.	Aquila Technology (Suqian) Co., Ltd.	Manufacturing and selling molds and electronic parts	100	100	(c)
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	93	95	(d)
Gigamag Co., Ltd.	Saturn Trading Ltd.	International trade	-	100	(e)

(Concluded)

a. Catcher Technology (Suzhou) Co., Ltd. was liquidated and dissolved in August 2016.

b. Lyra International Co., Ltd. incorporated 100% owned subsidiary of Meeca Technology (Taizhou) Co., Ltd. in April 2016 in China.

c. Aquila Technology (Suzhou) applied for change company name to Aquila Technology (Suqian) in November 2016.

d. Grus International Co., Ltd. sold part of its interest in Sagitta International Co., Ltd. to whom unrelated to the Group, causing the holding of the interest decreased to 93%.

e. Gigamag Co., Ltd. incorporated 100% owned subsidiary of Saturn Trading Ltd. in September 2015 in Samoa, which was liquidated and dissolved in June 2016.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31 2016	2015
Investments in associates		
Associates that are not individually material	$ 539,634	$ 1,473,633

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

	For the Year Ended December 31	
	2016	2015
The Group's share of:		
Net profit	$ 86,482	$ 14,409
Other comprehensive income	1,735	(17,164)
Total comprehensive income for the year	$ 88,217	$ (2,755)

In 2016 and 2015, the Group disposed of shares of associates that were not material individually by themselves, thus, capital surplus as of December 31, 2016 and 2015 decreased by NT$4,578 thousand and NT$1,785 thousand, and the recognized gain on disposal of investment for the years then ended was NT$96,345 thousand and NT$17,480 thousand, respectively. In addition, Kon-Cheng Accuracy Co., Ltd. was liquidated and dissolved in June 2016, the Group hence recognized a loss of disposal of investment of NT$ 4 thousand.

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 has appointed one or two out of the seven directors of the associates.

Except for the January 1 to June 30, 2016, financial statements of Kon-Cheng and its financial statements for the year ended December 31, 2015, investments accounted for using 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 that financial statements of Kon-Cheng that have not been audited do not receive material impact due to the use of the equity method accounting or the calculation of the share of profit or loss and other comprehensive income for the years ended December 31, 2016 and 2015.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Furniture and fixtures	Miscellaneous equipment	Leasehold improvement	Construction in progress and equipment to be inspected	Total
Cost									
Balance at January 1, 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	$ 2,179,324	$ 15,289,197	$ 63,171,857	$ 101,914	$ 2,445,608	$ 1,358,754	$ 11,787	$ 5,306,489	$ 89,864,930
Accumulated depreciation and impairment									
Balance at January 1, 2015	$ -	$ 2,784,297	$ 18,110,736	$ 56,003	$ 835,776	$ 603,379	$ 9,326	$ -	$ 22,399,517
Depreciation	-	989,566	8,300,463	13,777	332,890	262,498	879	-	9,900,073
Disposals	-	(30,887)	(136,601)	(5,516)	(63,715)	(167,536)	-	-	(404,255)
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	$ -	$ 3,676,939	$ 25,596,696	$ 63,286	$ 1,087,313	$ 693,104	$ 9,986	$ -	$ 31,127,324
Carrying amounts at December 31, 2015	$ 2,179,324	$ 11,612,258	$ 37,575,161	$ 38,628	$ 1,358,295	$ 665,650	$ 1,801	$ 5,306,489	$ 58,737,606

(Continued)

	Land	Buildings	Machinery and equipment	Transportation equipment	Furniture and fixtures	Miscellaneous equipment	Leasehold improvement	Construction in progress and equipment to be inspected	Total
Cost									
Balance at January 1, 2016	$ 2,179,324	$ 15,289,197	$ 63,171,857	$ 101,914	$ 2,445,608	$ 1,358,754	$ 11,787	$ 5,306,489	$ 89,864,930
Additions	-	492,983	3,359,428	22,383	398,841	489,541	308	2,776,381	7,539,865
Disposals	-	(128,085)	(389,161)	(5,066)	(11,272)	(118,195)	(11,012)	-	(662,791)
Reclassification	-	5,924,793	488,365	182	(868,927)	901,522	-	(5,887,612)	558,323
Effect of foreign currency exchange differences	-	(1,436,310)	(4,990,903)	(6,641)	(160,119)	(113,010)	(795)	(230,805)	(6,938,583)
Balance at December 31, 2016	$ 2,179,324	$ 20,142,578	$ 61,639,586	$ 112,772	$ 1,804,131	$ 2,518,612	$ 288	$ 1,964,453	$ 90,361,744
Accumulated depreciation and impairment									
Balance at January 1, 2016	$ -	$ 3,676,939	$ 25,596,696	$ 63,286	$ 1,087,313	$ 693,104	$ 9,986	$ -	$ 31,127,324
Depreciation	-	1,275,666	9,108,097	15,909	260,545	454,768	338	-	11,115,323
Disposals	-	(128,085)	(323,342)	(3,413)	(11,174)	(114,065)	(9,543)	-	(589,622)
Reversal of impairment losses recognized in profit or loss	-	-	97,249	-	-	23	-	-	97,272
Reclassification	-	-	-	-	(372,215)	372,215	-	-	-
Effect of foreign currency exchange differences	-	(324,216)	(2,007,734)	(3,576)	(65,646)	(41,676)	(747)	-	(2,443,595)
Balance at December 31, 2016	$ -	$ 4,500,304	$ 32,470,966	$ 72,206	$ 898,823	$ 1,364,369	$ 34	$ -	$ 39,306,702
Carrying amounts at December 31, 2016	$ 2,179,324	$ 15,642,274	$ 29,168,620	$ 40,566	$ 905,308	$ 1,154,243	$ 254	$ 1,964,453	$ 51,055,042

(Concluded)

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, 2016, 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$97,272 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.

13. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2015	$ 203,363	$ 156,045	$ 359,408
Additions	-	996	996
Balance at December 31, 2015	$ 203,363	$ 157,041	$ 360,404
Accumulated depreciation			
Balance at January 1, 2015	$ -	$ 104,402	$ 104,402
Depreciation	-	5,620	5,620
Balance at December 31, 2015	$ -	$ 110,022	$ 110,022
Carrying amounts at December 31, 2015	$ 203,363	$ 47,019	$ 250,382
Cost			
Balance at January 1, 2016	$ 203,363	$ 157,041	$ 360,404
Additions	-	347	347
Balance at December 31, 2016	$ 203,363	$ 157,388	$ 360,751
Accumulated depreciation			
Balance at January 1, 2016	$ -	$ 110,022	$ 110,022
Depreciation	-	5,756	5,756
Balance at December 31, 2016	$ -	$ 115,778	$ 115,778
Carrying amounts at December 31, 2016	$ 203,363	$ 41,610	$ 244,973

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, 2016 and 2015 were NT$428,544 thousand for both years. The fair values had been arrived at on the basis of a valuation methodology carried out on December 23, 2015, by independent qualified professional appraisers of CCIS Real Estate Appraisers Firm, who are 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 the valuation with the market value of the last year and there was neither huge change in rents nor in the usage of the buildings during this period, the fair value of the investment properties remained the same in 2016.

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.

14. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2015	$ 287,588
Additions	53,303
Disposals	(47,306)
Effect of foreign currency exchange differences	(5,638)
Balance at December 31, 2015	$ 287,947
Accumulated amortization	
Balance at January 1, 2015	$ 141,219
Amortization expense	49,096
Disposals	(41,439)
Effect of foreign currency exchange differences	(2,450)
Balance at December 31, 2015	$ 146,426
Carrying amounts at December 31, 2015	$ 141,521
Cost	
Balance at January 1, 2016	$ 287,947
Additions	26,536
Disposals	(36,365)
Effect of foreign currency exchange differences	(20,005)
Balance at December 31, 2016	$ 258,113
Accumulated amortization	
Balance at January 1, 2016	$ 146,426
Amortization expense	44,804
Disposals	(33,029)
Effect of foreign currency exchange differences	(9,481)
Balance at December 31, 2016	$ 148,720
Carrying amounts at December 31, 2016	$ 109,393

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

15. PREPAYMENTS FOR LEASE

	December 31	
	2016	2015
Current asset	$ 27,816	$ 31,254
Non-current asset	1,165,302	1,296,769
	$ 1,193,118	$ 1,328,023

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. As of December 31, 2016 and 2015, prepaid lease payments include land use right with carrying amount of NT$3,814 thousand and NT$6,017 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 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 thereof will expire in succession before 2082. The rights were paid in the year the agreement was signed. As of December 31, 2016 and 2015, prepaid lease payments included the land use right on the land in mainland China with carrying amount of NT$1,189,304 thousand and NT$1,322,006 thousand, respectively.

16. OTHER ASSETS

	December 31	
	2016	2015
Current		
VAT retained	$ 1,087,006	$ 2,000,691
Prepaid expenses	79,067	170,093
Office supplies	74,922	110,954
Prepayments to suppliers	15,478	2,645
Refundable deposits	5,398	10,716
Others	7,566	10,677
	$ 1,269,437	$ 2,305,776
Non-current		
Prepaid equipment	$ 1,312,644	$ 1,416,777
Refundable deposits	982	9,312
Others	3,696	408
	$ 1,317,322	$ 1,426,497

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2016	2015
Unsecured borrowings		
Bank unsecured loans	$ 38,474,388	$ 22,985,500
Annual interest rate	0.60%~4.35%	0.8107%~0.999%

b. Long-term borrowings-December 31, 2016

Unsecured borrowings	
Bank unsecured loans	$ 145,000
Less: Current portions	-
Long-term borrowings	$ 145,000

In October 2016, the Group applied for a three-year unsecured loan of NT$400,000 thousand from CTBC Bank Co., Ltd., with repayment upon maturity, and the annual interest rate was 0.89993%; of the NT$400,000 thousand, NT$255,000 thousand had been repaid in December 2016, resulting in NT$145,000 thousand as the outstanding amount as of December 31, 2016.

18. 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.

19. OTHER LIABILITIES

	December 31	
	2016	2015
Current		
Other payables		
Payable for salaries or bonus	$ 2,848,101	$ 4,200,873
Payable for employees' compensation	2,033,762	400,724
Payable for purchase of equipment	245,167	684,316
Payable for taxes	208,337	108,596
Payable for annual leave	100,483	113,951
Payable for meal	94,106	86,549
Payable for maintenance	84,013	131,802
Payable for shipping expenses and warehousing	38,944	27,761
Payable for utilities	36,723	43,296
Payable for labor and health insurance	33,614	31,204

(Continued)

	December 31	
	2016	2015
Payable for benefits	$ 32,946	$ 108,793
Remuneration of director	16,892	17,000
Payable for professional service fees	14,366	26,426
Payable for interest	14,357	8,379
Payable for commission fee	13,023	37,425
Others	1,580,204	1,358,134
	$ 7,395,038	$ 7,385,229
Other liabilities		
Deferred revenue	$ 1,854,817	$ 2,443,052
Payable for value-added tax	185,745	361,236
Guarantee deposits received	99,525	376,657
Others	124,809	84,304
	$ 2,264,896	$ 3,265,249
Non-current		
Other liabilities		
Deferred revenue	$ 5,884,415	$ 10,608,150
Guarantee deposits received	6,210	14,631
Others	130	856
	$ 5,890,755	$ 10,623,637

(Concluded)

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's 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 Group 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 Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2016	2015
Present value of defined benefit obligation	$ 70,548	$ 69,979
Fair value of plan assets	(63,999)	(63,435)
Net defined benefit liability	$ 6,549	$ 6,544

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2015	$ 65,425	$ (61,237)	$ 4,188
Service cost			
Current service cost	1,796	-	1,796
Net interest expense (income)	1,390	(1,321)	69
Recognized in profit or loss	3,186	(1,321)	1,865
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	2,823	(467)	2,356
Contributions from the employer	-	(1,865)	(1,865)
Benefits paid	(1,455)	1,455	-
Balance at December 31, 2015	69,979	(63,435)	6,544
Service cost			
Current service cost	1,822	-	1,822
Net interest expense (income)	1,222	(1,123)	99
Recognized in profit or loss	3,044	(1,123)	1,921
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	674	674
Actuarial loss - changes in demographic assumptions	20	-	20
Actuarial loss - changes in financial assumptions	101	-	101

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Actuarial gain - experience adjustments	$ (795)	$ -	$ (795)
Recognized in other comprehensive income	(674)	674	-
Contributions from the employer	-	(1,916)	(1,916)
Benefits paid	(1,801)	1,801	-
Balance at December 31, 2016	$ 70,548	$ (63,999)	$ 6,549

(Concluded)

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

	For the Year Ended December 31	
	2016	2015
Operating costs	$ 1,280	$ 1,281
Selling and marketing expenses	92	90
General and administrative expenses	341	260
Research and development expenses	208	234
	$ 1,921	$ 1,865

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:

	December 31	
	2016	2015
Discount rate	1.375%	1.75%
Expected rate of salary increase	2%	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:

	December 31	
	2016	2015
Discount rate		
0.25% increase	$ (1,883)	$ (1,943)
0.25% decrease	$ 1,896	$ 2,022
Expected rate of salary increase		
0.25% increase	$ 1,825	$ 1,954
0.25% decrease	$ (1,825)	$ (1,888)

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.

	December 31	
	2016	2015
The expected contributions to the plan for the next year	$ 1,916	$ 1,867
The average duration of the defined benefit obligation	14 years	15 years

21. EQUITY

a. Share capital

1) Ordinary shares

	December 31	
	2016	2015
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, 2016 and 2015, the outstanding depositary receipts were 856 thousand units and 1,614 thousand units, equivalent to 4,278 thousand ordinary shares and 8,072 thousand ordinary shares, respectively.

b. Capital surplus

	December 31	
	2016	**2015**
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Arising from issuance of ordinary shares	$ 7,460,295	$ 7,460,295
Arising from conversion of bonds	12,775,052	12,775,052
The difference between consideration received or paid and the carrying amount of the subsidiaries net assets during actual disposal or acquisition	1,422	1,464
<u>May be used to offset a deficit only (2)</u>		
Share of changes in capital surplus of associates	32,888	37,475
	$ 20,269,657	$ 20,274,286

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

2) Such capital surplus arises from the effect of changes in ownership interest in associates resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of associates accounted for by using the equity method.

c. Retained earnings and dividend policy

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 shareholders held their regular meeting on May 19, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the Articles), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation and remuneration to directors.

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

1) Offset against deficit, if any;

2) Appropriate 10% of the remainder as legal reserve, until the accumulated amount equals the Company's paid-in capital;

3) Reverse a special reserve in accordance with the laws or operating needs; and

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

The Company is still in the growing stage and is continuing to expand its operation scale in consideration of 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.

For the policies on distribution of the compensation of employees and remuneration of directors before and after the amendment, refer to Employee benefits expense in Note 23(e).

The 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.

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

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 2015 and 2014 had been approved in the stockholders' meetings on May 19, 2016 and June 9, 2015, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2015	**2014**	**2015**	**2014**
Legal reserve	$ 2,512,086	$ 1,787,717		
Cash dividends	7,703,911	4,622,346	$ 10	$ 6

As of March 16, 2017, the Company's board of directors had not proposed appropriations of earnings for 2016.

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

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2016	**2015**
Balance as of January 1	$ 4,956,944	$ 5,586,777
Exchange differences arising on translating the financial statements of foreign operations	(7,439,822)	(634,535)
Share of exchange difference of associates accounted for using the equity method	(3,323)	4,999
Share of exchange difference upon disposal of associates accounted for using the equity method	(1,328)	(297)
Balance as of December 31	$ (2,487,529)	$ 4,956,944

22. REVENUE

	For the Year Ended December 31	
	2016	2015
Revenue from the sale of goods	$ 79,091,618	$ 82,392,133
Other operating revenue	22,035	21,252
	$ 79,113,653	$ 82,413,385

23. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2016	2015
Government grants	$ 2,972,746	$ 2,879,915
Recycling income	90,331	84,572
Others	34,160	91,094
	$ 3,097,237	$ 3,055,581

b. Other gains and losses

	For the Year Ended December 31	
	2016	2015
Gain on disposal of investments	$ 61,183	$ 17,361
Others	82,637	92,609
	$ 143,820	$ 109,970

c. Interest expense

	For the Year Ended December 31	
	2016	2015
Interest on bank loans	$ 236,985	$ 173,179

d. Depreciation and amortization

	For the Year Ended December 31	
	2016	2015
Property, plant and equipment	$ 11,115,323	$ 9,900,073
Investment properties	5,756	5,620
Intangible assets and prepayments for lease	74,667	80,110
Total	$ 11,195,746	$ 9,985,803

(Continued)

	For the Year Ended December 31	
	2016	2015
An analysis of depreciation by function		
Operating costs	$ 10,287,330	$ 9,303,778
Operating expenses	833,749	601,915
	$ 11,121,079	$ 9,905,693
An analysis of amortization by function		
Operating costs	$ 8,031	$ 9,103
Selling and marketing expenses	48	7
General and administrative expenses	65,650	67,686
Research and development expenses	938	3,314
	$ 74,667	$ 80,110

(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2016	2015
Short-term employee benefits		
Salaries	$ 13,207,815	$ 15,551,004
Labor and health insurance	169,534	160,415
Others	1,345,639	1,730,994
	14,722,988	17,442,413
Post-employment benefits		
Defined contribution plans	1,185,210	1,369,621
Defined benefit plans (Note 20)	1,921	1,865
	1,187,131	1,371,486
	$ 15,910,119	$ 18,813,899
An analysis of employee benefits expense by function		
Operating costs	$ 12,233,120	$ 13,627,251
Operating expenses	3,676,999	5,186,648
	$ 15,910,119	$ 18,813,899

1) Compensation of employees and remuneration of directors for 2016 and 2015

In compliance with the Company Act amended in May 2015 and the amended Articles of Incorporation of the Company approved by the shareholders in their meeting in May 2016, the Company accrued the compensation of employees and remuneration of directors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2016 and 2015 which have been approved by the Company's board of directors on March 16, 2017 and April 6, 2016, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2016	2015
Compensation of employees	7%	1.43%
Remuneration of directors	based on previous experience	based on previous experience

Amount

	For the Year Ended December 31			
	2016		2015	
	Cash	Share	Cash	Share
Compensation of employees	$ 1,908,684	$ -	$ 400,724	$ -
Remuneration of directors	16,892	-	17,000	-

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2015.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

2) Bonus to employees and remuneration of directors for 2014

The bonus of employees and remuneration of directors for 2014 which have been approved in the shareholders' meeting on June 9, 2015 were as follows:

	For the Year Ended December 31, 2014	
	Cash	Share
Bonus to employees	$ 160,892	$ -
Remuneration of directors	16,480	-

There was no difference between the amounts of the bonus of employees and the remuneration of directors approved in the shareholders' meeting on June 9, 2015 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2014.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2015 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

f. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2016	2015
Foreign exchange gains	$ 13,725,729	$ 14,345,162
Foreign exchange losses	(12,402,975)	(12,514,478)
	$ 1,322,754	$ 1,830,684

24. INCOME TAXES

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

	For the Year Ended December 31	
	2016	2015
Current tax		
In respect of the current year	$ 8,882,893	$ 10,773,060
Income tax on unappropriated earnings	1,490,486	1,146,710
Adjustment for prior periods	(427,829)	(58,698)
	9,945,550	11,861,072
Deferred tax		
In respect of the current year	611,220	(2,345,425)
	$ 10,556,770	$ 9,515,647

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

	For the Year Ended December 31	
	2016	2015
Profit before income tax	$ 32,625,048	$ 34,696,998
Income tax expense calculated at the statutory rate	$ 7,677,640	$ 7,839,604
Unrecognized temporary differences		
Realized (Unrealized) sales return	-	85,355
Repatriation of subsidiary’s earnings	1,180,777	-
Deferred income	565,152	-
Others	(137,348)	19,046
Nondeductible expenses in determining taxable income		
Research and development tax credits from China	(56,757)	(74,149)
Nondeductible expense in determining taxable income	13,167	5,926
Withholding tax on remittance of earnings	152,053	279,406
Tax-exempt income	(5,444)	(2,972)
Additional income tax on unappropriated earnings	1,490,486	1,146,710
5-year tax-exempt income	(38,881)	(7,425)
Unrecognized loss carryforwards	143,754	282,844
Adjustments for prior years’ tax	(427,829)	(58,698)
	$ 10,556,770	$ 9,515,647

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 2017 appropriations of earnings is uncertain, the potential income tax consequences of 2016 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income - For the year ended December 31, 2015

Deferred tax

In respect of the current year:	
Remeasurement on defined benefit plan	$ 401

c. Current tax assets and liabilities

	December 31	
	2016	**2015**
Current tax assets		
Tax refund receivable	$ 47,265	$ 5,839
Current tax liabilities		
Income tax payable	$ 3,693,480	$ 4,948,881

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, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred Tax Assets					
Temporary differences					
Provision for loss on inventories	$ 54,900	$ (13,200)	$ -	$ (299)	$ 41,401
Depreciation difference	1,550,807	912,391	-	(168,912)	2,294,286
Unrealized intercompany profit	2,303,147	(1,016,406)	-	(16,507)	1,270,234
Unrealized sales return	2,998	(1,311)	-	-	1,687
Defined benefit obligation	1,113	-	-	-	1,113
Payable for annual leave	35,646	(1,159)	-	(2,241)	32,246
Impairment loss on property, plant and equipment	27,138	881	-	-	28,019
Deferred revenue	700,115	(580,148)	-	-	119,967
Other payables	-	109,821	-	-	109,821
Allowance for impair receivables	-	9,074	-	(209)	8,865
Others	26,164	4,848	-	(1,472)	29,540
	4,702,028	(575,209)	-	(189,640)	3,937,179
Tax losses	-	37,626	-	(1,931)	35,695
	$ 4,702,028	$ (537,583)	$ -	$ (191,571)	$ 3,972,874

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred Tax Liabilities					
Temporary differences					
Depreciation difference	$ 64,815	$ (17,054)	$ -	$ -	$ 47,761
Unrealized foreign exchange gain	33,078	90,691	-	-	123,769
Reserve for land value increment tax	12,597	-	-	-	12,597
	$ 110,490	$ 73,637	$ -	$ -	$ 184,127

(Concluded)

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred Tax Assets					
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
	2,385,446	2,294,075	401	22,106	4,702,028
Tax losses	22,284	(21,959)	-	(325)	-
	$ 2,407,730	$ 2,272,116	$ 401	$ 21,781	$ 4,702,028
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
	$ 183,799	$ (73,309)	$ -	$ -	$ 110,490

e. Information about unused loss carry-forward and tax-exemption.

Loss Carryforwards as of December 31, 2016 comprised of:

Unused Amount	Expiry Year
$ 1,020,419	2020
539,174	2021
$ 1,559,593	

As of December 31, 2016, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

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

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$113,812,747 thousand and NT$103,695,031 thousand as of December 31, 2016 and 2015, respectively.

g. Integrated income tax

	December 31	
	2016	2015
Unappropriated earnings		
Generated before January 1, 1998	$ 11,609	$ 11,609
Generated on and after January 1, 1998	83,532,380	71,728,618
	$ 83,543,989	$ 71,740,227
Shareholder - imputed credits account	$ 6,517,137	$ 3,958,741

The creditable ratio for distribution of earnings of 2016 and 2015 was 9.66% (expected ratio) and 9.11%, respectively.

h. Income tax assessments

The tax returns of the Company through 2014 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2016	2015
Profit for the period attributable to owners of the Company	$ 22,019,794	$ 25,120,856

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

	For the Year Ended December 31	
	2016	**2015**
Weighted average number of ordinary shares in computation of basic earnings per share	770,391	770,391
Effect of potentially dilutive ordinary shares:		
Employees' compensation	8,931	1,692
Weighted average number of ordinary shares used in the computation of diluted earnings per share	779,322	772,083

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

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In December 2016, the Group disposed of part of its interest in Sagitta International Co., Ltd., reducing its continuing interest from 94.72% to 93%.

The above transactions were accounted for as equity transactions since the Group did not cease to have control over these subsidiaries.

	Amount
Cash consideration received	$ 17,491
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(17,533)
Differences recognized from equity transaction	$ (42)

Line items adjusted for equity transactions

Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ (42)

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 (Suqian) Co., Ltd. entered into an agreement to lease building with lease terms from November 2010 to October 2016 and from May 2016 to April 2018.

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

	December 31	
	2016	2015
Not later than 1 year	$ 12,432	$ 19,499
Later than 1 year and not later than 5 years	33,455	22,626
Later than 5 years	164,871	91,128
	$ 210,758	$ 133,253

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:

	December 31	
	2016	2015
Not later than 1 year	$ 12,930	$ 20,883
Later than 1 year and not later than 5 years	9,825	21,135
	$ 22,755	$ 42,018

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

b. Categories of financial instruments

	December 31	
	2016	**2015**
<u>Financial assets</u>		
Loans and receivables (i)	$ 123,149,199	$ 93,984,594
<u>Financial liabilities</u>		
Amortized cost (ii)	51,583,460	37,050,697

(i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market - current, 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, long-term borrowings, 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.

<u>Sensitivity analysis</u>

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

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 positive number below indicates a decrease in profit before income tax that would result when NTD weakens by 5% against the relevant currency. For a 5% strengthening 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 negative.

	USD impact		
	For the Year Ended December 31		
	2016	**2015**	
Profit or loss	$ 3,831,386	$ 2,154,596	A

A This was mainly attributable to the exposure to outstanding USD cash and cash equivalents, debt investment with no active market - current, receivables and payables which were not hedged at the end of the reporting period.

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.

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	
	2016	**2015**
Fair value interest rate risk		
Financial assets	$ 87,934,282	$ 58,681,020
Cash flow interest rate risk		
Financial assets	1,491,944	6,996,648
Financial liabilities	38,619,388	22,985,500

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, 2016 and 2015 would decrease/increase by NT$37,127 thousand and NT$15,989 thousand, respectively; the change was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings of cash flow.

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

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, 2016 and 2015 was as follows:

	December 31			
	2016		2015	
	Amount	**%**	**Amount**	**%**
Customer A	$ 19,928,234	60	$ 14,236,257	51
Customer B	8,216,315	25	5,345,901	19

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, 2016

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 10,256,749	$ 2,701,113	$ 6,210	$ -
Variable interest rate liabilities	21,225,315	17,363,563	146,667	-
	$ 31,482,064	$ 20,064,676	$ 152,877	$ -

December 31, 2015

	Less than 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 10,633,317	$ 3,417,249	$ 14,631	$ -
Variable interest rate liabilities	9,288,500	13,811,253	-	-
	$ 19,921,817	$ 17,228,502	$ 14,631	$ -

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

	December 31	
	2016	**2015**
Unsecured bank loan facility, reviewed annually and payable at call:		
Amount used	$ 38,854,948	$ 23,046,499
Amount unused	9,270,421	7,782,770
	$ 48,125,369	$ 30,829,269

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, 2016

Related Party Categories	
Associates	$ 42,397

The purchase prices were not significantly different from those with third parties and the payment term is 60 days after a month’s closing.

b. Compensation of key management personnel

	For the Year Ended December 31	
	2016	2015
Short-term employee benefits	$ 404,033	$ 323,602
Post-employment benefits	20,180	18,157
	$ 424,213	$ 341,759

The remuneration of directors 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:

	December 31	
	2016	2015
Land	$ 1,547,865	$ 1,547,865
Buildings	423,685	447,901
Investment properties	183,678	188,121
	$ 2,155,228	$ 2,183,887

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, 2016 and 2015 were as follows:

a. As of December 31, 2016 and 2015, the unused letters of credit of the Group for purchasing of raw materials and equipment were NT$42,650 thousand and NT$3,406 thousand, respectively.

b. Unrecognized commitments are as follows:

	December 31	
	2016	2015
Acquisition of property, plant and equipment	$ 3,440,002	$ 13,454,964

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, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,033,385	32.2 (USD:NTD)	$ 65,474,988
USD	1,340,747	6.937 (USD:RMB)	43,239,085
Financial liabilities			
Monetary items			
USD	576,507	32.3 (USD:NTD)	18,621,174
USD	417,525	6.937 (USD:RMB)	13,465,182

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
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
Financial liabilities			
Monetary items			
USD	588,080	32.875 (USD:NTD)	19,333,145
USD	799,304	6.4936 (USD:RMB)	26,277,126

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:

	For the Year Ended December 31			
	2016		2015	
Foreign Currencies	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**	**Exchange Rate**	**Net Foreign Exchange Gain (Loss)**
USD	32.263(USD:NTD)	$ (14,257)	31.739 (USD:NTD)	$ (306,574)
NTD	1 (NTD:NTD)	(200,674)	1 (NTD:NTD)	1,514,783
RMB	4.8617(RMB:NTD)	1,537,685	5.0966 (RMB:NTD)	622,532
PHP	0.6971(PHP:NTD)	-	0.7148 (PHP:NTD)	(57)
		$ 1,322,754		$ 1,830,684

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) Refer to table 7 for information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss of investee, investment income or loss, carrying amount of the investment at the end of the period, and repatriations of investment from the mainland China area (Table 7)

2) Refer to tables 1, 2, 4, 5 and 8 for significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses as follows:

   a) Purchases - list the amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

   b) Sales - list the amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

   c) Property transactions - list the amount of property transactions and the amount of the resultant gains or losses

   d) Endorsements and Guarantees - list the balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

   e) Financing - list the highest balance, the end of period balance, the interest rate range, and total current period interest with respect to the financing of funds

   f) Other - list the transactions that have 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, 2016 and 2015, and information on assets is referred to the consolidated balance sheets as of December 31, 2016 and 2015.

a. Geographical information

The Group operates in two principal geographical areas - Taiwan and China.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers For the Year Ended December 31	
	2016	2015
China	$ 20,884,650	$ 45,877,627
United States	51,757,369	27,653,034
Taiwan	2,646,469	4,030,880
Singapore	3,332,792	4,028,910
Sweden	457,663	613,322
Others	34,710	209,612
	$ 79,113,653	$ 82,413,385

	Non-current Assets	
	December 31, 2016	December 31, 2015
Taiwan	$ 7,243,782	$ 7,582,783
China	47,187,884	55,743,625
	$ 54,431,666	$ 63,326,408

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:

	For the Year Ended December 31	
	2016	2015
Customer A	$ 51,714,117	$ 27,616,363
Customer B	12,864,341	12,860,005
Customer C	4,819	16,868,433
	$ 64,583,277	$ 57,344,801

TABLE 1

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2016
(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	Lyra International Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Other receivable - related parties	Yes	$ 7,670,085	$ -	$ -	3.8067～3.83085	For short-term financing	$ -	Operating capital	$ -	—	$ -	$ 122,629,326	$ 122,629,326
2	Stella International Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Other receivable - related parties	Yes	2,140,800	$ -	-	3.8067	For short-term financing	-	Operating capital	-	—	-	122,629,326	$ 122,629,326
3	Gigamag Co., Ltd.	Lyra International Co., Ltd.	Other receivable - related parties	Yes	7,175,300	$ -	-	-	For short-term financing	-	Operating capital	-	—	-	122,629,326	
		Cygnus International Co., Ltd.	Ditto	Yes	18,425,913	-	-	-	Ditto	-	Ditto	-	—	-	122,629,326	
		Nanomag International Co., Ltd.	Ditto	Yes	4,014,000	2,580,000	-	-	Ditto	-	Ditto	-	—	-	122,629,326	
		Stella International Co., Ltd.	Ditto	Yes	2,007,000	-	-	-	Ditto	-	Ditto	-	—	-	122,629,326	
						$ 2580,000										$ 122,629,326
4	Catcher Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Other receivable - related parties	Yes	6,686,326	$ 4,282,800	4,282,800	1.75～2.88	For short-term financing	-	Operating capital	-	—	-	122,629,326	
		Arcadia Technology (Suqian) Co., Ltd.	Ditto	Yes	2,782,552	929,800	929,800	1.5～2.25	Ditto	-	Ditto	-	—	-	122,629,326	
		Topo Technology (Taizhou) Co., Ltd.	Ditto	Yes	2,732,352	986,850	986,850	2.63435～2.99428	Ditto	-	Ditto	-	—	-	122,629,326	
						$ 6,199,450										$ 122,629,326
5	Topo Technology (Suzhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Other receivable - related parties	Yes	233,290	$ 232,450	232,450	1.5	For short-term financing	-	Operating capital	-	—	-	122,629,326	
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	Yes	510,560	-	-	2.25	Ditto	-	Ditto	-	—	-	122,629,326	
						$ 232,450										$ 122,629,326
6	Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Other receivable - related parties	Yes	14,326,440	$ 1,032,000	1,032,000	3.8067～4.19817	For short-term financing	-	Operating capital	-	—	-	122,629,326	
		Vito Technology (Suqian) Co., Ltd.	Ditto	Yes	2,007,000	-	-	3.8067～4.05294	Ditto	-	Ditto	-	—	-	122,629,326	
						$ 1,032,000										$ 122,629,326
7	Catcher Technology (Suzhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Other receivable - related parties	Yes	1,511,258	$ -	-	1.6～2.5	For short-term financing	-	Operating capital	-	—	-	122,629,326	$ 122,629,326
8	Nanomag International Co., Ltd.	Cygnus International Co., Ltd.	Other receivable - related parties	Yes	4,348,500	$ -	-	-	For short-term financing	-	Operating capital	-	—	-	122,629,326	
		Lyra International Co., Ltd.	Ditto	Yes	2,007,000	-	-	-	Ditto	-	Ditto	-	—	-	122,629,326	
						$ -										$ 122,629,326
9	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Other receivable - related parties	Yes	1,213,108	$ 1,208,740	1,208,740	1.5	For short-term financing	-	Operating capital	-	—	-	122,629,326	
		Topo Technology (Taizhou) Co., Ltd.	Ditto	Yes	3,999,000	3,999,000	3,999,000	2.82544～2.99428	Ditto	-	Ditto	-	—	-	122,629,326	
						$ 5,207,740										$ 122,629,326
10	Vito Technology (Suqian) Co., Ltd.	Arcaolia Technology (Suqian) Co., Ltd.	Other receivable - related parties	Yes	464,900	$ 464,900	464,900	1.5	For short-term financing	-	Operating capital	-	—	-	122,629,326	$ 122,629,326

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, 2016, 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, 2016.

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.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(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										
1	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	$ 61,314,663	$ 66,900	$ 64,500	$ -	$ -	0.05	$ 122,629,326	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, 2016.

Note 2: The upper limit for the Company is equivalent to 100% of the net asset value of the Company as of December 31, 2016.

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, 2016
(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		—	-	$ -	170,300,000	$ 827,960 (RMB170,300,000)	170,300,000	$ 830,651 (RMB 170,853,397)	$ 827,960 (RMB 170,300,000)	$ 2,691 (RMB 553,397)	-	$ -
	RMB Financial Products	Other financial assets		—	-	-	293,200,000	1,425,472 (RMB293,200,000)	293,200,000	1,430,849 (RMB 294,305,950)	1,425,472 (RMB 293,200,000)	5,377 (RMB 1,105,950)	-	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	RMB Financial Products	Other financial assets		—	-	-	1,449,300,000	7,046,171 (RMB1,449,300,000)	1,449,300,000	7,068,468 (RMB 1,453,886,264)	7,046,171 (RMB 1,449,300,000)	22,297 (RMB 4,586,264)	-	-
	RMB Financial Products	Other financial assets		—	-	-	2,734,300,000	13,293,551 (RMB2,734,300,000)	2,734,300,000	13,315,708 (RMB 2,738,857,234)	13,293,551 (RMB 2,734,300,000)	22,157 (RMB 4,557,234)	-	-
Vito Technology (Suqian) Co., Ltd.	RMB Financial Products	Other financial assets		—	-	-	7,562,500,000	36,767,173 (RMB7,562,500,000)	7,562,500,000	36,804,195 (RMB 7,570,114,839)	36,767,173 (RMB 7,562,500,000)	37,022 (RMB 7,614,839)	-	-
Catcher Technology (Suqian) Co., Ltd.	RMB Financial Products	Other financial assets		—	-	-	4,155,200,000	20,201,647 (RMB4,155,200,000)	4,155,200,000	20,214,397 (RMB 4,157,822,394)	20,201,647 (RMB 4,155,200,000)	12,750 (RMB 2,622,394)	-	-
Arcadia Technology (Suqian) Co., Ltd.	RMB Financial Products	Other financial assets		—	-	-	1,216,500,000	5,914,349 (RMB1,216,500,000)	1,216,500,000	5,918,646 (RMB 1,217,383,743)	5,914,349 (RMB 1,216,500,000)	4,297 (RMB 884,743)	-	-
Topo Technology (Taizhou) Co., Ltd.	RMB Financial Products	Other financial assets		—	-	-	10,880,300,000	52,897,571 (RMB10,880,300,000)	10,880,300,000	52,948,111 (RMB 10,890,695,472)	52,897,571 (RMB 10,880,300,000)	50,540 (RMB 10,395,472)	-	-
Nanomag International Co., Ltd.	Norma International Co., Ltd.	Investments accounted for using equity method		100% owned subsidiary	74,200,000	2,297,663 (USD 66,997,362)	103,832,525	2,863,744 (USD 90,046,253) (Note 1)	-	-	-	-	178,032,525	5,161,407 (USD 160,043,615)
	Stella international Co., Ltd.	Investments accounted for using equity method		100% owned subsidiary	210,895,233	20,230,229 (USD 616,305,522)	29,000,000	4,755,939 (USD 158,459,374) (Note 2)	-	-	-	-	239,895,233	24,986,168 (USD 774,764,896)
Norma International Co., Ltd.	Arcadia Technology (Suqian) Co., Ltd.	Investments accounted for using equity method		100% owned subsidiary	-	2,297,722 (USD 69,999,150)	-	2,863,703 (USD90,045,039) (Note 3)	-	-	-	-	-	5,161,425 (USD 160,044,189)
Stella International Co., Ltd.	Lyra International Co., Ltd.	Investments accounted for using equity method		100% owned subsidiary	240,869,501	21,351,944 (USD 650,478,126)	(1,000,000)	3,354,992 (USD115,628,427) (Note 4)	-	-	-	-	239,869,501	24,706,936 (USD 766,106,553)
Lyra International Co., Ltd.	Meeca Technology (Taizhou) Co., Ltd.	Investments accounted for using equity method		100% owned subsidiary	-	-	-	2,087,310 (USD64,722,787) (Note 5)	-	-	-	-	-	2,087,310 (USD 64,722,787)
Saggita International Co., Ltd.	Chaohu Yunhai Magnesium Co., Ltd.	Investments accounted for using equity method	Nanjing Yunhai Special Metals Co., Ltd	49% owned associate	-	918,756 (USD 27,989,524)	-	35,118 (USD1,574,274) (Note 6)	-	1,018,192 (USD 31,547,396)	953,874 (USD 29,563,798)	64,318 (USD 1,983,598)	-	-

Note 1: Including incremental investment of US$103,832,525, share of loss of associates accounted for using equity method of US$3,928,536, capital surplus－changes in ownership Interests in subsidiary of USD$221,194, and exchange loss on translating foreign operations of US$10,078,930.

Note 2: Including incremental investment of US$66,000,000, repatriation of capital reduction of US$37,000,000, repatriation of earnings of US$30,000,000, share of profit of associates accounted for using equity method of US$171,895,622, capital surplus－changes in ownership Interests in subsidiary of USD$31,263,640, and exchange loss on translating foreign operations of US$43,699,888.

Note 3: Including incremental investment of US$103,832,525, share of loss of associates accounted for using equity method of US$3,929,750, capital surplus－changes in ownership interests in subsidiary of USD$221,194, and exchange loss on translating foreign operations of US$10,078,930.

Note 4: Including incremental investment of US$66,000,000, repatriation of capital reduction of US$67,000,000, share of profit of associates accounted for using equity method of US$129,064,675, capital surplus－changes in ownership interests in subsidiary of USD$31,263,640, and exchange loss on translating foreign operations of US$43,699,888.

Note 5: Including incremental investment of US$66,000,000, share of profit of associates accounted for using equity method of US$693,832, and exchange loss on translating foreign operations of US$1,971,045.

Note 6: Including share of profit of associates accounted for using equity method of US$877,531, exchange loss on translating foreign operations of US$593,714, and disposal of interest cause to exchange profit on translating foreign operations of US$1,290,457.

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, 2016
(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	
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	($ 15,037,521)	96	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	$ 801,131	77	
Catcher Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(5,142,087)	26	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	829,492	8	
Topo Technology (Taizhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	Sales	(2,904,362)	14	Net 120 days after month end close	Equivalent	Equivalent	66,790	1	
	Vito Technology (Suqian) Co., Ltd.	Ditto	Purchases	628,053	17	Net 120 days after month end close	Equivalent	Equivalent	(410,904)	22	
	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(16,355,008)	86	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	8,958,470	96	
Vito Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(12,228,200)	72	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	5,839,697	76	
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	Sales	(1,297,854)	7	Net 120 days after month end close	Equivalent	Equivalent	4,071	-	
	Topo Technology (Taizhou) Co., Ltd.	Ditto	Purchases	351,219	9	Net 120 days after month end close	Equivalent	Equivalent	(263,298)	16	
Aquila Technology (Suqian) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same ultimate parent company	Sales	(163,031)	17	Net 120 days after month end close	Equivalent	Equivalent	20,691	4	
	Topo Technology (Taizhou) Co., Ltd.	Ditto	Sales	(384,042)	41	Net 120 days after month end close	Equivalent	Equivalent	219,076	44	
	Vito Technology (Suqian) Co., Ltd.	Ditto	Sales	(288,760)	31	Net 120 days after month end close	Equivalent	Equivalent	179,221	36	
Arcadia Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	Sales	(1,283,258)	87	Net 30 to 120 days after month end close	No comparable sales prices for general customers	Equivalent	1,291,677	94	
	Vito Technology(Suqian) Co., Ltd.	Same ultimate parent company	Sales	(113,120)	7	Net 120 days after month end close	Equivalent	Equivalent	36,632	3	

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, 2016
(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.	Arcadia Technology (Suqian) Co., Ltd.	Subsidiary	$ 1,111,330	- (Note 2)	$ -	Not applicable	$ 981,918	$ -
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	3,999,000	- (Note 1)	-	Not applicable	-	-
			1,129,985	- (Note 2)	-	Not applicable	19,176	-
	Catcher Technology (Suqian) Co., Ltd.	Ditto	232,686	- (Note 2)	-	Not applicable	235,015	-
			1,208,740	- (Note 1)	-	Not applicable	-	-
	Vito Technology (Suqian) Co., Ltd.	Ditto	480,518	- (Note 2)	-	Not applicable	3,460	-
	Arcadia Technology (Suqian) Co., Ltd.	Ditto	629,632	- (Note 2)	-	Not applicable	14,692	-
	Catcher Technology Co., Ltd.	Ultimate parent company	801,131	1.60	-	Not applicable	195,396	-
Catcher Technology (Suqian) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	986,850	- (Note 1)	-	Not applicable	-	-
	Vito Technology (Suqian) Co., Ltd.	Ditto	4,282,800	- (Note 1)	-	Not applicable	-	-
	Arcadia Technology (Suqian) Co., Ltd.	Ditto	929,800	- (Note 1)	-	Not applicable	-	-
			190,805	- (Note 2)	-	Not applicable	-	-
	Catcher Technology Co., Ltd.	Ultimate parent company	829,492	5.86	-	Not applicable	-	-
Topo Technology (Taizhou) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	8,958,470	3.57	-	Not applicable	3,773,577	-
	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	263,298	2.52	-	Not applicable	148,530	-
	Cather Technology (Suqian) Co., Ltd.	Ditto	255,230	- (Note 2)	-	Not applicable	1,255	-
	Arcadia Technology (Suqian) Co., Ltd.	Ditto	397,122	- (Note 2)	-	Not applicable	2,968	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Vito Technology (Suqian) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	$ 410,904	2.63	-	Not applicable	$ 223,975	$ -
	Catcher Technology Co., Ltd.	Ultimate parent company	5,839,697	4.07	-	Not applicable	2,280,652	-
	Arcadia Technology (Suqian) Co., Ltd.	Same ultimate parent company	464,900	- (Note 1)	-	Not applicable	-	-
			261,261	- (Note 2)	-	Not applicable	-	-
			181,642	1.75	-	Not applicable	12,499	-
Aquila Technology (Suqian) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	219,076	3.41	-	Not applicable	85,099	-
	Vito Technology (Suqian) Co., Ltd.	Ditto	179,221	2.93	-	Not applicable	54,331	-
Arcadia Technology (Suqian) Co., Ltd.	Catcher Technology Co., Ltd.	Ultimate parent company	1,291,677	1.98	-	Not applicable	3,869	-
Topo Technology (Suzhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same ultimate parent company	232,450	- (Note 1)	-	Not applicable	1,984	-
Cyguns international Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same ultimate parent company	1,032,000	- (Note 1)	-	Not applicable	1,032,000	-

(Concluded)

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

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

TABLE 6

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2016
(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, 2016	December 31, 2015	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	$ 20,836,099	$ 3,887,008	$ 4,105,946	
	Nanomag International Co., Ltd.	Floor 4, Willow House, Cricket Square, P. O. Box 2804, Grand Cayman KY 1-1112, Cayman Islands	Ditto	1	1	30	100	90,599,461	17,508,391	17,054,586	
	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	66,760	76,925	9,299,917	12.7	380,788	451,299	65,315	
	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	146,413	(21,897)	(1,544)	
	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	40,000	20,000	4,000,000	40	12,433	(15,426)	(6,170)	
	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	-	-	-	(3)	183	
Gigamag Co., Ltd.	Saturn Trading Ltd.	Portcullis Trust Net Chambers, P.O. Box 1225, Apia Samoa	International trading	-	323 (USD 10,000)	-	-	-	995		
Nanomag International Co., Ltd.	Castmate International Co., Ltd.	P.O. Box 957 offshore Incorporations Centre Road Town, Tortola, British Virgin Islands.	Investing activities	32,559 (USD 1,009,591)	1,107,774 (USD 34,349,592)	1,009,591	100	13,353,217	854,841		
	Stella International Co., Ltd.	Floor 4, Willow House, Cricket Square, P. O. Box 2804, Grand Cayman KY 1-1112, Cayman Islands	Ditto	7,736,621 (USD 239,895,233)	6,801,371 (USD 210,895,233)	239,895,233	100	24,986,168	4,139,678		
	Aquila International Co., Ltd.	Floor 4, Willow House, Cricket Square, P. O. Box 2804, Grand Cayman KY 1-1112, Cayman Islands	Ditto	36,120 (USD 1,120,000)	36,120 (USD 1,120,000)	1,050,000	75	388,105	173,879		
	Uranus International Co., Ltd.	Room 1508, 15/F, SPA Centre, 53-55 Lockhart Road, Wan Chai, Hong Kong	Ditto	12,868,053 (USD 399,009,383)	12,868,053 (USD 399,009,383)	399,009,383	100	42,722,637	10,045,635		
	Grus International Co., Ltd.	Floor 4, Willow House, Cricket Square, P. O. Box 2804, Grand Cayman KY 1-1112, Cayman Islands	Ditto	967,617 (USD 30,003,618)	967,617 (USD 30,003,618)	30,003,618	100	967,645	89,811		
	Norma International Co., Ltd.	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.	Ditto	5,741,549 (USD 178,032,525)	2,392,950 (USD 74,200,000)	178,032,525	100	5,161,407	(126,209)		
Castmate International Co., Ltd.	Cygnus International Co., Ltd.	Room 1508, 15/F, SPA Centre, 53-55 Lockhart Road, Wan Chai, Hong Kong	Investing activities	2,386,670 (USD 74,005,259)	4,493,885 (USD 139,345,259)	74,005,259	100	13,374,917	850,175		
Stella International Co., Ltd.	Lyra International Co., Ltd.	Room 1508, 15/F, SPA Centre, 53-55 Lockhart Road, Wan Chai, Hong Kong	Investing activities	7,735,791 (USD 239,869,501)	7,768,041 (USD 240,869,501)	239,869,501	100	24,706,936	4,124,522		
Aquila International Co., Ltd.	Cepheus International Co., Ltd.	Room 1508, 15/F, SPA Centre, 53-55 Lockhart Road, Wan Chai, Hong Kong	Investing activities	45,150 (USD 1,400,000)	45,510 (USD 1,400,000)	1,400,000	100	516,008	173,996		
Grus International Co., Ltd.	Sagitta International Co., Ltd.	Room 1902, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.	Investing activities	947,228 (USD 29,371,404)	964,718 (USD 29,913,748)	29,371,404	93	948,039	94,960		

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.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note13)	Method of Investment (Note1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2016 (Note 13)	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2016 (Note 13)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2016	Accumulated Repatriation of Investment Income as of December 31, 2016
Catcher Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	$ -	2. Cygnus International Co., Ltd. (Note 8)	$ 1,072,215 (USD 33,340,000)	$ -	$ -	$ 1,072,215 (USD 33,340,000)	$ 15,092	100	$ 15,092 2.(1)	$ -	$ -
Topo Technology (Suzhou) Co., Ltd.	Ditto	322,823 (USD 10,010,000)	2. Lyra International Co., Ltd. (Notes 4 and 5)	1,300,965 (USD 40,340,000)	-	-	1,300,965 (USD 40,340,000)	(575,927)	100	(575,927) 2.(1)	2,363,582	-
Topo Technology (Taizhou) Co., Ltd.	Ditto	5,985,473 (RMB 829,779,072) (USD 65,979,240)	2. Lyra International Co., Ltd. (Note 9)	-	-	-	-	4,527,616	100	4,527,616 2.(1)	19,798,523	-
Meeca Technology (Taizhou) Co., Ltd.	Ditto	2,094,107 (USD 17,610,861) (RMB 328,276,444)	2. Lyra International Co., Ltd. (Note 12)	-	-	-	-	22,103	100	22,103 2.(1)	2,087,310	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	2,386,500 (USD 74,000,000)	2. Cygnus International Co., Ltd. (Note 6)	-	-	-	-	691,110	100	691,110 2.(1)	12,222,477	-
Catcher Technology (Suqian) Co., Ltd.	Ditto	6,450,000 (USD 200,000,000)	2. Uranus International Co., Ltd. (Note 7)	3,063,718 (USD 94,999,000)	-	-	3,063,718 (USD 94,999,000)	5,351,809	100	5,351,809 2.(1)	26,422,375	6,945,744
Vito Technology (Suqian) Co., Ltd.	Ditto	6,170,121 (USD 132,300,000) (RMB 409,431,280)	2. Uranus International Co., Ltd. (Note 10)	-	-	-	-	4,693,825	100	4,693,825 2.(1)	16,539,479	-
Arcadia Technology (Suqian) Co., Ltd.	Ditto	5,635,624 (USD 117,302,360) (RMB 398,499,193)	2. Norma International Co., Ltd. (Note 11)	-	-	-	-	(126,266)	100	(126,266) 2.(1)	5,161,425	-
Aquila Technology (Suqian) Co., Ltd.	Manufacturing and selling molds and electronic parts	45,150 (USD 1,400,000)	2. Cepheus International Co., Ltd.	36,120 (USD 1,120,000)	-	-	36,120 (USD 1,120,000)	202,829	75	155,122 2.(1)	514,781	-
WIT Technology (Taizhou) Co., Ltd. (Note 14)	Researching, developing and manufacturing communication electron products	-	2. Cetus International Co., Ltd.	-	-	-		-	70	-	-	-
Chaohu Yunhai Magnesium Co., Ltd. (Note 15)	Manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metal	-	2. Sagitta International Co., Ltd.	712,142 (USD 22,081,923)	-	-	712,142 (USD 22,081,923)	58,567	46	27,181 2.(1)	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015 (Note 13)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 13 and 14)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$ 6,188,160 (USD 191,880,923)	$ 31,874,659 (USD 675,876,737) (RMB 2,167,699,340)	$ 73,577,596

Note 1: The investing methods are categorized as follows:
1: Direct investment in companies in mainland China
2: Investment in companies in mainland China, which is made by a company incorporated via a third region
3: Others

Note 2: In the column:
1: This means the investee is under initial preparation and there were no gains or losses on investment.
2: The recognition of gains or losses on investment is based on:
(1) The financial statements audited by global accounting firms, which are affiliated with the accounting firms in the Republic of China
(2) The financial statements audited by the certified public accountant of the parent company in Taiwan
(3) Others

Note 3: The upper limit on investment in mainland China is calculated as:
$122,629,326×60%＝$73,577,596

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$30,000,000 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., and then reinvested in Topo Technology (Suzhou) Co., Ltd. Thereafter, the amount of US$ 67,000,000 is returned by capital reduction in the first quarter of 2016.

Note 6: The paid-in capital of US$106,000,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd., then invested in Meeca Technology (Suzhou Industrial Park) Co., Ltd., and the paid-in capital of US$16,670,000 is earnings distributed in the third quarter of 2011. Thereafter, the amount of US$16,670,000 is returned by capital reduction in the fourth quarter of 2014 and the amount of US$32,000,000 in the third quarter of 2016.

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 is earning distributed from Topo Technology (Suzhou) Co., Ltd. to Stella 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, and was dissolved and returned US$10,010,000 of capital in in August 2016; the remaining amount of capital has not been wired back to Taiwan.

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 and RMB409,431,280, is earning distributed from Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., are invested in Vito Technology (Suqian) Co., Ltd. through Uranus International Co., Ltd..

Note11: The paid-in capital of US$27,332,360 and RMB$398,499,193 are earnings distributed from Catcher Technology (Suzhou) Co., Ltd. and Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., Ltd., and then invested in Arcadia Technology (Suqian) Co., Ltd. through Norma International Co., Ltd. The paid-in capital of US$89,970,000, which is the proceeds arising from capital reduction of Catcher Technology (Suzhou) Co., Ltd., Topo Technology (Suzhou) CO., Ltd., and Meeca Technology (Suzhou Industrial Park) Co., Ltd., is invested in Arcadia Technology (Suqian) Co., Ltd. through Norma International Co., Ltd.

Note 12: The paid-in capital of US$17,610,861 and RMB$328,276,444 are earnings distributed from Catcher Technology (Suzhou) Co., Ltd. and Topo Technology (Suzhou) Co., Ltd. to Nanomag International Co., and then invested in Meeca Technology (Taizhou) Co., Ltd. through Lyra International Co., Ltd.

Note 13: The exchange rate is one US$ for 32.25 New Taiwan dollars on December 31, 2016.
The exchange rate is one RMB for 4.6490 New Taiwan dollars on December 31, 2016.

Note 14: WIT Technology (Taizhou) Co., Ltd. was dissolved in June 2012, and the remaining amount of capital has not been wired back to Taiwan.

Note 15: Sagitta International Co., Ltd. sold out its shares of Chaohu Yunhai Magnesium Co., Ltd. in June 2016, and the remaining amount of capital has not been wired back to Taiwan.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
0	Catcher Technology Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	1	Payables to related parties	$ 829,492		0.45
				Purchases	5,142,087	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	6.50
				Purchases of property, plant and equipment on behalf of subsidiaries	77,177	The purchase prices were bargained, net 90 days after month end close.	0.10
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	1	Payables to related parties	801,131		0.43
				Purchases of property, plant and equipment on behalf of subsidiaries	14,487	The purchase prices were bargained, net 90 days after month end close.	0.02
				Purchases	15,037,521	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	19.01
		Vito Technology (Suqian) Co., Ltd.	1	Payables to related parties	5,839,697		3.13
				Purchases of property, plant and equipment on behalf of subsidiaries	129,978	The purchase prices were bargained, net 90 days after month end close.	0.16
				Purchases	12,228,200	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	15.46
				Sales	38,692	The sales prices have no comparison with those from third parties, net 90 days after month end close.	0.05
		Topo Technology (Taizhou) Co., Ltd.	1	Payables from related parties	8,958,470		4.81
				Purchase	16,355,008	The purchase prices have no comparison with those from third party, net 30 to 120 days after month end close.	20.67
				Sales	13,625	The sales prices have no comparison with those from third parties, net 90 days after month end close.	0.02
				Purchase of property, plant and equipment on behalf of subsidiaries	30,967	The purchase prices were bargained, net 90 days after month end close.	0.04
		Arcadia Technology (Suqian) Co., Ltd.	1	Other receivables from related parities	1,111,330		0.60
				Payables to related parties	1,291,677		0.69
				Purchases	1,283,258	The purchase prices have no comparison with those from third parties, net 30 to 120 days after month end close.	1.62
				Purchases of property, plant and equipment	1,103,302	The purchase prices were bargained, net 90 days after acceptance.	1.39
1	Topo Technology (Suzhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3	Other income	33,265		0.04
		Catcher Technology (Suqian) Co., Ltd.	3	Disposal of property, plant and equipment	88,926	The sales prices were bargained, net 120 days after acceptance.	0.11
				Other receivables from related parties	61,700		0.03
		Topo Technology (Taizhou) Co., Ltd.	3	Other income	32,995		0.04
				Disposal of property, plant and equipment	27,552	The sales prices were bargained, net 120 days after acceptance.	0.03
		Vito Technology (Suqian) Co., Ltd.	3	Disposal of property, plant and equipment	30,818	The sales prices were bargained, net 120 days after acceptance.	0.04
				Other income	41,199		0.05
				Other Receivables from related parties	232,450		0.12
				Purchases	12,434	The purchase prices were not different to third parties, net 120 days after month end close.	0.02
		Arcadia Technology (Suqian) Co., Ltd.	3	Disposal of property, plant and equipment	75,428	The sales prices were bargained, net 120 days after acceptance.	0.10
				Other receivables from related parties	15,353		0.01

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
2	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	3	Other income	$ 58,696		0.07
				Disposal of property, plant and equipment	285,970	The sales prices were bargained, net 120 days after acceptance.	0.36
				Purchase	28,897	The purchase prices were net different to third parties, net 120 days after month end close.	0.04
				Other receivable from related parties	232,686		0.12
				Other receivable from related parties	1,208,740		0.65
				Payables to related parties	20,138		0.01
		Topo Technology (Taizhou) Co., Ltd.	3	Sales	43,258	The sales prices were not different to third parties, net 120 days after month end close.	0.05
				Other income	197,213		0.25
				Payables to related parties	66,790		0.04
				Other Receivables from related parties	3,990,000		2.15
				Other receivables from related parties	1,129,985		0.61
				Purchases	2904,362	The purchase prices were not different to third parties, net 120 days after month end close.	3.67
				Interest income	40,468		0.05
				Disposal of property, plant and equipment	975,157	The sales prices were bargained, net 120 days after acceptance.	1.23
		Vito Technology (Suqian) Co., Ltd.	3	Sales	34,803	The sales prices were not different to third parties, net 120 days after month end close.	0.04
				Other income	64,338		0.08
				Disposal of property, plant and equipment	450,563	The sales prices were bargained, net 120 days after acceptance.	0.57
				Purchases	1,297,854	The purchase prices were not different to third parties, net 120 days after month end close.	1.64
				Other receivables from related parties	480,518		0.26
		Aquila Technology (Suqian) Co., Ltd.	3	Purchases	163,031	The purchase prices were not different to third parties, net 120 days after month end close.	0.21
				Payables to related parties	20,691		0.01
		Arcadia Technology (Suqian) Co., Ltd.	3	Disposal of property, plant and equipment	561,259	The sales prices were bargained, net 120 days after acceptance.	0.71
				Other receivable from related parties	629,632		0.34
3	Catcher Technology (Suqian) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	3	Other receivables from related parties	4,282,800		2.30
				Other income	19,260		0.02
				Interest income	98,527		0.12
		Topo Technology (Taizhou) Co., Ltd.	3	Other receivables from related parties	986,850		0.53
				Interest income	44,572		0.06
		Aquila Technology (Suqian) Co., Ltd.	3	Sales	36,946	The sales prices were not different to third parties, net 120 days after month end close.	0.05
				Receivables from related parties	20,698		0.01
				Purchases	21,355	The purchase prices were not different to third parties, net 120 days after month end close.	0.03
		Arcadia Technology (Suqian) Co., Ltd.	3	Other receivables from related parties	929,800		0.50
				Interest income	23,149		0.03
				Other income	162,710		0.21
				Other receivables from related parties	190,805		0.10

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales Or Assets
4	Topo Technology (Taizhou) Co., Ltd.	Vito International (Suqian) Co., Ltd.	3	Purchase	$ 628,053	The purchase prices were not different to third parties, net 120 days after month end close.	0.79
				Payables to related parties	410,904		0.22
				Disposal fo property, plant and equipment	15,509	The sales prices were bargained, net 120 days after acceptance.	0.02
		Aquila Technology (Suqian) Co., Ltd.	3	Purchases	384,042	The purchase prices were not different to third parties, net 120 days after acceptance.	0.49
				Payables to related parties	219,076		0.12
		Catcher Technology (Suqian) Co., Ltd.	3	Purchase	19,509	The purchase prices were not different to third parties, net 120 days after month end close.	0.02
				Disposal of property, plant and equipment	230,502	The sales prices were bargained, net 120 days after acceptance.	0.29
				Other receivables from related parties	255,230		0.14
		Arcadia Technology (Suqian) Co., Ltd.		Disposal of property, plant and equipment	342,436	The sales prices were bargained, net 120 days after acceptance.	0.43
				Other income	53,314		0.07
				Other receivables from related parties	397,122		0.21
				Receivables from related parties	62,202		0.03
5	Vito Technology (Suqian) Co., Ltd.	Lyra International Co., Ltd.	3	Interest expense	177,678		0.22
		Aquila Technology (Suqian) Co., Ltd.	3	Purchases	288,760	The purchase prices were not different to third parties, net 120 days after month end close.	0.36
				Payables to related parties	179,221		0.10
		Arcadia Technology (Suqian) Co., Ltd.	3	Payables to related parties	36,632		0.02
				Other receivables from related parties	464,900		0.25
				Other receivables from related parties	261,261		0.14
				Receivables from related parties	181,642		0.10
				Other income	328,861		0.42
				Purchase	113,120	The purchase prices were not different to third parties, net 120 days after month end close.	0.14
				Sales	54,336	The sales prices were not different to third parties, net 120 days after month end close.	0.07
		Catcher Technology (Suqian) Co., Ltd.	3	Sales	35,980	The sales prices were not different to third parties, net 120 days after month end close.	0.05
				Other income	161,016		0.20
				Receivables from related parties	79,967		0.04
		Topo Technology (Taizhou) Co., Ltd.	3	Purchase	351,219	The purchase prices were not different to third parties, net 120 days after month end close.	0.44
				Payables to related parties	263,298		0.14
7	Arcadia Technology (Suqian) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	3	Sales	83,224	The sales prices were not different to third parties, net 120 days after month end close.	0.11
				Receivables from related parties	35,731		0.02
		Aquila Technology (Suqian) Co., Ltd.	3	Purchase	45,670	The purchase prices were not different to third parties, net 120 days after month end close.	0.06
				Payable to related parties	53,317		0.03
8	Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	3	Other payables to related parties	1,032,000		0.55
				Interest income	260,867		0.33
		Vito Technology (Suqian) Co., Ltd.	3	Interest income	45,423		0.06

(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.