

# CATCHER TECHNOLOGY CO., LTD

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## **2017 ANNUAL SHAREHOLDERS' MEETING**

(Translation)

**June 19, 2017**

### **TABLE OF CONTENTS**

Note:

• Minutes of 2017 Annual Shareholders' Meeting will be available on CATCHER's website (<http://www.catcher-group.com>) within 20 days after the Meeting.

#### **I. MEETING PROCEDURE**

#### **II. MEETING AGENDA**

1. REPORT ITEMS
2. PROPOSED RESOLUTIONS
3. DISCUSSION ITEMS
4. OTHER BUSINESS AND SPECIAL MOTION

#### **III. ATTACHMENT**

ATTACHMENT I: 2016 BUSINESS REPORT

ATTACHMENT II: AUDIT COMMITTEE'S REVIEW REPORT

ATTACHMENT III: DISTRIBUTION OF COMPENSATION FOR EMPLOYEES AND DIRECTORS

ATTACHMENT IV: INDEPENDENT AUDITORS' REPORT AND 2016 FINANCIAL STATEMENTS

ATTACHMENT V: "PROCEDURES FOR ACQUISITION OR DISPOSAL OF ASSETS" (COMPARISON TABLE FOR THE BEFORE AND AFTER REVISION)

#### **IV. APPENDIX**

APPENDIX I: ARTICLES OF INCORPORATION

APPENDIX II: RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

APPENDIX III: SHAREHOLDINGS OF ALL DIRECTORS

APPENDIX IV: OTHER ITEMS

#### **DISCLAIMER:**

For the convenience of readers, the procedure, agenda, attachments, and appendix of CATCHER's Annual Shareholders' meeting have 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.

# **I. MEETING PROCEDURE**

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

### **2017 ANNUAL SHAREHOLDERS' MEETING PROCEDURE**

- I. Call Meeting to Order
- II. Chairman's Address
- III. Report Items
- IV. Proposed Resolutions
- V. Discussion Items
- VI. Other Business and Special Motion
- VII. Meeting Adjourned

## **II. MEETING AGENDA**

### **CATCHER TECHNOLOGY CO., LTD 2017 ANNUAL SHAREHOLDERS' MEETING AGENDA (Translation)**

- I. Time: 10:00 a.m., June 19, 2017
- II. Place: 5F Banquet Hall B Tayih Landis Tainan Hotel.(No.660, Section 1, Shi-Men Road, Tainan City)
- III. Call Meeting to Order
- IV. Chairman's Address
- V. Report Items:
  - (1) To report the business of 2016
  - (2) Audit Committee's review report of 2016
  - (3) To report the distribution of compensation for employees and directors
- VI. Proposed Resolutions
  - (1) To accept 2016 Business Report and Financial Statements
  - (2) To accept the proposal for distribution of 2016 profits
- VII. Discussion Items
  - (1) To approve the issuance of new common shares for cash and/or issuance of Global Depository Receipt (GDR)
  - (2) To amend the company's "Acquisition or Disposal of Assets Procedure"
- VIII. Other Business and Special Motion
- IX. Meeting Adjourned

## 1. Report Items

1. To report the business of 2016

Explanatory Notes: Please refer to Attachment I.

2. Audit Committee's review report of 2016

Explanatory Notes: Please refer to Attachment II.

3. To report the distribution of compensation for employees and directors

Explanatory Notes: Please refer to Attachment III

## 2. Proposed Resolutions

1. To accept 2016 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes: (1) CATCHER's 2016 Financial Statements, including Balance Sheets, Income Statements, Statements of Changes in Shareholders' Equity, and Cash Flow Statements, were approved by board of directors. The Financial Statements were audited by independent auditors, Mr. Hung Ju Liao and Mr. Chun Chi Kung, of Deloitte & Touche and also reviewed by Audit Committee. The aforementioned Financial Statements and Auditors' report are attached hereto as Attachments IV.

(2) Please accept the 2016 Business Report, Financial Statements, and Consolidated Financial Statements.

2. To approve the proposal for distribution of 2016 profits (Proposed by the Board of Directors)

Explanatory Notes: (1) The proposed profits distribution is allocated from Retained Earnings in 2016 Available for Distribution. Please accept the proposal for profits distribution as below, which was approved by Board of Directors in accordance with Articles of Incorporation.

(2) The total proposed cash dividend amounts are NTD 7,703,910,690 equivalent to NTD 10 per share based on 770,391,069 outstanding shares as of the book closure date of 2017 Annual General Meeting. The total amount of common shares outstanding may change and the ultimate cash dividend to be distributed to each common share may need to be adjusted accordingly. (3) It is proposed that the Board of Directors of CATCHER should be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.

CATCHER Technology

Profits Distribution for 2016

Unit: NTD

Retained Earnings at the beginning of this period	\$61,524,231,586
Adjustment in Retained Earnings from equity-method investment	(35,420)
Adjustment in Retained Earnings from benefit plans	<u>0</u>
Retained Earnings after adjustment	61,524,196,166
Profits for current year	22,019,793,076
Minus: Legal Reserve	<u>(109,627,386)</u>
Retained Earnings Available for Distribution	81,232,382,548
Dividends- Cash (NTD 10 per share)	<u>(7,703,910,690)</u>

Retained Earnings at the end of this period

\$73,528,471,858

(1) The dividends distributed come from 2016 profits

(2) The cash dividend will be rounded till dollar. All cash dividend less than one dollar will be transferred into other revenues of the company.

## 4. Discussion Items

1. To approve the issuance of new common shares for cash and/or issuance of Global Depository Receipt (GDR) (Proposed by the Board of Directors)

### Explanatory Notes:

In order to expand capacity in the future, enrich working capital, meet the other funding needs for long-term development, or get more diversified and flexible funding sources, it is hereby proposed that the shareholders meeting to authorize the Board of Directors ("Board") to raise fund , depending on the market conditions and the Company's capital needs, to choose appropriate timing and fund raising method(s), to issue new commons shares for cash in public offering and/or issue Global Depository Receipt (GDR), in accordance with the applicable laws and regulations and the following fund raising method principles.

- (1) Authorizing Board for the Issuance of new common shares for cash to sponsor GDR Offering :

- (i) The issuance of new shares is limit to a maximum of 50,000,000 shares. The Board of Directors and Chairman of CATCHER are authorized to adjust the new issuance of the common shares based on the aforementioned maximum quota.
- (ii) The issue price of the new common shares will be decided with reference to the closing price of the Company's common shares on the pricing date or the average of the closing price of the Company's common shares for 1, 3 or 5 trading days prior to the pricing date (referred to hereinafter as the "reference price"). The actual price shall not be less than 90% of the reference price. The Chairman is authorized to determine the actual issue price in accordance with market conditions or regulation requirements. The reference price and the actual price will be decided in accordance with market practice and applicable law. In addition, assuming that the Company issues 50,000,000 common shares which are approximately 6.5% of the Company's total outstanding common shares prior to the record date for the Company's 2016 annual shareholders meeting. Given that the issuance of new shares is going to enhance company's competitiveness and then increase shareholders' value, thus it is unlikely that such issuance will have a material dilutive effect on the holding of the current existing shareholders.
- (iii) Except for 10% -15% of the new common shares shall be allocated for the employees' subscription in accordance with the applicable law, it is proposed for the shareholders meeting to approve the rights to subscribe to the remaining shares shall be waived by the shareholders and such remaining shares should be offered to the public under Article 28-1 of the Securities and Exchange Act as the underlying shares of the global depository shares to be sold in the DR Offering. Any new common shares not subscribed by employees of the Company shall be determined by the Chairman, depending on the market needs, to be allocated as underlying shares of the global depository shares or to be subscribed by the designated person(s).
- (iv) The uses of the proceeds of this issuance are for building facilities or purchasing factories, equipments, materials, or to repay bank loans, re-invest, enrich working capital, which are expect to complete in 3 years.
- (v) The Board/Chairman are authorized to determine or adjust the major terms of this new issuance , including but not limit to the issue price, issuance shares /amount, terms, uses/sources of fund, schedule, and results etc., according to the market condition or regulatory requirement.
- (vi) To complete the issuance, the board, the Chairman or the Chairman's designee is authorized, on behalf of the Company, to handle all matters relating to, and sign all agreements and documents in connection with the issuance of the new common shares to sponsor the GDR Offering.
- (vii) After the approval of this offering by authorities, the Chairman is authorized to handle or complete all the process or matters with regard to the issuance of new shares.
- (viii) The Chairman is authorized to handle all matters which are not addressed herein in accordance with the applicable laws and regulations.

II. Authorizing Board for the Issuance of new common shares for cash in public offering:

- (i) The issuance of new shares for cash in public offering is limit to a maximum of 50,000,000 shares.
- (ii) The par value of the new common shares to be issued per share is NT\$10. It is proposed to authorize the Chairman to coordinate with the underwriter(s) of the public offering to determine the actual issue price in accordance with the relevant provisions of the Chinese Securities Association Regulations Governing Underwriters' Assistance in Offering and Issuance of Securities by Issuing Companies and the market conditions which issue price shall be reported to the regulatory authority before issuance.
- (iii) It is proposed to authorize the Board to choose either of the following methods to sell the new shares in the public offering through the underwriter(s) :
  - (a) Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph I of the Company Act, it is proposed for the shareholders meeting to approve the pre-emptive rights to subscribe to the remaining shares to be waived by the shareholders in accordance with Article 28-1 of the Securities and Exchange Act and such remaining shares will be offered to the public via book building. It is proposed that any new common shares not subscribed by employees of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.
  - (b)
    - (1) Except for 10% to 15% of the new shares must be offered to employees in accordance with Article 267, Paragraph I of the Company Act, it is proposed that 10% of the new shares to be sold to the public through the underwriter(s) and the remaining shares will be subscribed to by the existing shareholders of the Company in accordance with their shareholding. It is proposed that any new common shares not subscribed by employees and shareholders of the Company will be sold to the person(s) designated by the Chairman of the Company at the issue price.

The Chairman is authorized to choose the method of issuance in public offering, and to handle all matters which are not addressed herein in accordance with the applicable laws and regulations.
    - (2) It is proposed to authorize the Chairman to coordinate with the underwriter(s) of the public offering to determine the actual issue price in accordance with the relevant provisions of the Chinese Securities Association Regulations Governing Underwriters' Assistance in Offering and Issuance of Securities by Issuing Companies and the market conditions which issue price shall be reported to the regulatory authority before issuance.
- (iv) The rights of the new shares are equivalent to the current outstanding shares'.
- (v) The uses of the proceeds of this issuance are for building facilities or purchasing factories, equipments, materials, or to repay bank loans, re-invest, enrich working capital, which are expect to complete in 3 years. The execution of the plan is expected to enhance the competitiveness and the operating efficiency of the Company, which shall benefit the shareholders.
- (vi) The Board/Chairman are authorized to determine or adjust the major terms of this new issuance , including but not limit to the issue price, shares issuance/amount, terms, uses/sources of fund, schedule, and results etc., with consideration the market condition or regulatory requirements.
- (vii) After the approval of this offering by authorities, the Chairman is authorized to determine the matters related to the issuance, including but not limit to record date... etc.
- (viii) The board is authorized to handle, complete, or adjust all the process or issues with regard to the issuance of new shares, according to any market condition or regulatory requirement.
- (ix) The Chairman is authorized to handle all matters which are not addressed herein in accordance with the applicable laws and regulations.

2. To amend the company's "Acquisition or Disposal of Assets Procedure"  
Explanatory Notes: (1) To cope with the revised regulation of "Rules regarding the acquisition or disposal of Assets for public companies" by SFC on 2017/2/9, please approve the revised Acquisition or Disposal of Assets Procedure of the Company. (2) The comparison tables for the aforementioned internal rules before and after revisions are attached hereto as Attachments V.

## **5. Other Business and Special Motion**

## **6. Meeting Adjourned**



# Attachment I

## 2016 Business Report

Dear Shareholders,

The global economy was slowly recovery 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, and IT industries especially had more impact. 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 penetrate into more new customers and products, and strengthen its customer base to stabilize the operation. In addition to material and process, Catcher also expanded its capacity to meet the market demand. Catcher fully used its superb capabilities in different materials, secondary processing, surface-treatment and “Comprehensive Manufacturing Matrix” to enlarge the leading edge. At the same time, Catcher upgraded the internal efficiency and executions to continuously outperform the industry in terms of overall operation.

Looking forward to 2017, we see three main growth drivers ahead: the increasing revenue contribution from existing projects, the introduction of new products from existing customers, and the introduction of new customers and products. Catcher also works on new applications and new customers. We are optimistic for the outlook and expect to see meaningful growth in 2017.

### 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, glass and other metal applied on products' casing and structural design. Catcher offers customers with one-stop shopping solutions based on the complete and strong technology matrix. In addition, the company also adopts laser engraving of components, along with seamless welding, metal /plastic injection mold techniques, etching and multi-color surface treatment techniques, and high precision extrusion techniques for large metal casing in smartphones, notebooks and tablets to achieve the high quality that has never seen before. Besides, the company also invests a lot of effort in extending into other niche products. The latest research and development of Catcher are multi-color combo electric chemical method on aluminum and stainless steel; thermal plastic composites; color enhanced phonology on metal casing etc.

## 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 adoption 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. 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 no matter what kind of design. 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 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 strength and better 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 and it 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, and metal casing will penetrate 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, more allocation 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



## Attachment II:

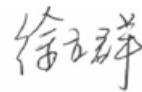
### Audit Committee's Review Report

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 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Catcher Technology Co., Ltd.

#### Audit Committee Members

Independent Director:



Independent Director:



Independent Director:



March 16, 2017

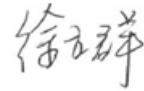
## Audit Committee's Review Report

The Board of Directors has prepared the Company's 2016 business report, and Earning Distribution Statement for the year of 2016. The business report, and Earning Distribution Statement have been reviewed and determined to be correct and accurate by the Audit Committee of CATCHER. The Audit Committee hereby submits this report according to Article 14-5 of the Securities and Exchange Act and Article 219 of the Company Act.

Catcher Technology Co., Ltd.

### Audit Committee Members

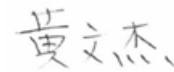
Independent Director:



Independent Director:



Independent Director:



May 5, 2017

## **Attachment III: Directors' and Employees' Compensation**

The Distribution for compensation to Directors and Employees

On March 16, 2017 the Board of Directors resolved the dividends distribution in cash:

<b>Item</b>	<b>Proposed amount</b>
Directors' Compensation	\$ 16,892,475
Employees' Compensation	\$ 1,908,683,927

No difference between the amounts resolved by the Board of Directors and the amounts accrued as expense in book.

**Attachment IV:  
INDEPENDENT AUDITORS' REPORT**



# 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)

ASSETS	December 31, 2016		December 31, 2015		LIABILITIES AND EQUITY	December 31, 2016		December 31, 2015	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 29,666,993	16	\$ 65,678,648	38	Short-term borrowings (Note 17)	\$ 38,474,388	21	\$ 22,985,500	13
Debt investments with no active market - current (Note 4 and 7)	59,767,949	32	5,308	-	Notes payable (Note 18)	59,217	-	45,314	-
Accounts receivable (Notes 4 and 8)	33,434,215	18	28,180,044	17	Accounts payable (Note 18)	5,404,082	3	6,243,366	4
Other receivables	273,662	-	100,566	-	Other payables (Note 19)	7,395,038	4	7,385,229	4
Current tax assets (Note 24)	47,265	-	5,839	-	Current tax liabilities (Note 24)	3,693,480	2	4,948,881	3
Inventories (Notes 4, 5 and 9)	3,455,707	2	7,243,801	4	Other current liabilities (Note 19)	2,264,896	1	3,265,249	2
Prepayments for lease (Notes 15)	27,816	-	31,254	-					
Other current assets (Note 16)	1,269,437	1	2,305,776	1	Total current liabilities	57,291,101	31	44,873,539	26
Total current assets	127,943,044	69	103,551,236	60	<b>NON-CURRENT LIABILITIES</b>				
<b>NON-CURRENT ASSETS</b>					Long-term borrowings (Notes 15 and 31)	145,000	-	-	-
Investments accounted for using equity method (Notes 4 and 11)	539,634	-	1,473,633	1	Deferred tax liabilities (Notes 4, 5 and 24)	184,127	-	110,490	-
Property, plant and equipment (Notes 4, 12 and 31)	51,055,042	27	58,737,606	34	Net defined benefit liabilities - non-current (Notes 4 and 20)	6,549	-	6,544	-
Investment properties (Notes 4, 13 and 31)	244,973	-	250,382	-	Other non-current liabilities (Note 19)	5,890,755	3	10,623,637	6
Other intangible assets (Notes 4 and 14)	109,393	-	141,521	-	Total non-current liabilities	6,226,431	3	10,740,671	6
Deferred tax assets (Notes 4 and 24)	3,972,874	2	4,702,028	3	Total liabilities	63,517,532	34	55,614,210	32
Long-term prepayments for lease (Notes 15)	1,165,302	1	1,296,769	1	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Other non-current assets (Note 16)	1,317,322	1	1,426,497	1	(Note 21)				
Total non-current assets	58,404,540	31	68,028,436	40	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
					<b>NON - CONTROLLING INTERESTS</b>				
						200,726	-	202,882	-
					Total equity	122,830,052	66	115,965,462	68
<b>TOTAL</b>	<b>\$ 186,347,584</b>	<b>100</b>	<b>\$ 171,579,672</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 186,347,584</b>	<b>100</b>	<b>\$ 171,579,672</b>	<b>100</b>

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)	<u>44,716,023</u>	<u>56</u>	<u>44,266,829</u>	<u>54</u>
GROSS PROFIT	<u>34,397,630</u>	<u>44</u>	<u>38,146,556</u>	<u>46</u>
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	<u>1,288,617</u>	<u>2</u>	<u>1,652,959</u>	<u>2</u>
Total operating expenses	<u>6,906,811</u>	<u>9</u>	<u>8,720,869</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>27,490,819</u>	<u>35</u>	<u>29,425,687</u>	<u>36</u>
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	<u>86,482</u>	<u>-</u>	<u>14,409</u>	<u>-</u>
Total non-operating income and expenses	<u>5,134,229</u>	<u>6</u>	<u>5,271,311</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	32,625,048	41	34,696,998	42
INCOME TAX EXPENSE (Notes 4 and 24)	<u>10,556,770</u>	<u>13</u>	<u>9,515,647</u>	<u>11</u>
NET PROFIT	<u>22,068,278</u>	<u>28</u>	<u>25,181,351</u>	<u>31</u>
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		2015	
	Amount	%	Amount	%
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	\$ <u>-</u>	<u>-</u>	\$ <u>401</u>	<u>-</u>
	<u>(35)</u>	<u>-</u>	<u>(1,975)</u>	<u>-</u>
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	<u>(4,651)</u>	<u>-</u>	<u>4,702</u>	<u>-</u>
	<u>(7,512,646)</u>	<u>(10)</u>	<u>(678,942)</u>	<u>(1)</u>
Other comprehensive income for the year, net of income tax	<u>(7,512,681)</u>	<u>(10)</u>	<u>(680,917)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 14,555,597</u>	<u>18</u>	<u>\$ 24,500,434</u>	<u>30</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 22,019,794	28	\$ 25,120,856	31
Non-controlling interests	<u>48,484</u>	<u>-</u>	<u>60,495</u>	<u>-</u>
	<u>\$ 22,068,278</u>	<u>28</u>	<u>\$ 25,181,351</u>	<u>31</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 14,575,286	18	\$ 24,489,048	30
Non-controlling interests	<u>(19,689)</u>	<u>-</u>	<u>11,386</u>	<u>-</u>
	<u>\$ 14,555,597</u>	<u>18</u>	<u>\$ 24,500,434</u>	<u>30</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 28.58</u>		<u>\$ 32.61</u>	
Diluted	<u>\$ 28.26</u>		<u>\$ 32.54</u>	

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						Total	Non-controlling Interests	Total Equity
	Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Other Equity Exchange Differences on Translating Foreign Operations			
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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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	<u>(4,724,461)</u>	<u>2,155,957</u>
Cash generated from operations	37,509,218	42,998,661
Dividend received	32,145	46,538
Income tax paid	<u>(11,050,806)</u>	<u>(9,805,168)</u>
Net cash generated from operating activities	<u>26,490,557</u>	<u>33,240,031</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	<u>625,860</u>	<u>481,010</u>
Net cash used in investing activities	<u>(65,977,183)</u>	<u>(19,127,703)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	<u>(230,235)</u>	<u>(170,794)</u>
Net cash generated from financing activities	<u>7,456,634</u>	<u>2,732,301</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(3,981,663)</u>	<u>714,929</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(36,011,655)	17,559,558
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>65,678,648</u>	<u>48,119,090</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 29,666,993</u>	<u>\$ 65,678,648</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated March 16, 2017)

(Concluded)

**Attachment V:  
“Procedures for Acquisition or Disposal of Assets”(Comparison  
Table for the Before and After Revision)**

BEFORE THE REVISION	AFTER THE REVISION	Explanatory Notes
<p><b>Article 6</b> The procedures of acquisition or disposal of real estate or <u>other fixed assets</u></p> <p>I. Appraisal and procedure The Company's acquisition or disposal of real estate or <u>other fixed assets</u> shall comply with fixed assets cycle procedure of the Internal Audit system.</p> <p>II. The decision process</p> <p>1. In acquiring or disposing of real property or equipment, the company shall refer to publicly announced current value, appraised value, transaction price of nearby real property, the terms and conditions of the transaction and transaction price should be conducted an analysis report and submit to the President. If the transaction price is below 10 percent of the Company's paid-in capital, it should be subject to President's approval and report to the next board meeting. If the transaction price reaches 10 percent or more of the Company's paid-in capital, it should not be executed until board of directors' approval.</p> <p>2. In acquiring or disposing of <u>other fixed assets</u>, the Company should proceed by means of price inquiries, price</p>	<p><b>Article 6</b> The procedures of acquisition or disposal of real estate or <u>equipments</u></p> <p>I. Appraisal and procedure The Company's acquisition or disposal of real estate or <u>equipments</u> shall comply with fixed assets cycle procedure of the Internal Audit system.</p> <p>II. The decision process</p> <p>1. In acquiring or disposing of real property or equipment, the company shall refer to publicly announced current value, appraised value, transaction price of nearby real property, the terms and conditions of the transaction and transaction price should be conducted an analysis report and submit to the President. If the transaction price is below 10 percent of the Company's paid-in capital, it should be subject to President's approval and report to the next board meeting. If the transaction price reaches 10 percent or more of the Company's paid-in capital, it should not be executed until board of directors' approval.</p> <p>2. In acquiring or disposing of <u>equipments</u>, the Company should proceed by means of price inquiries, price comparison, price negotiation, or request for bids. If the price is below 10 percent of the Company's paid-in capital, it should be approved following the authorization rules. If the price reaches 10 percent or more of the Company's paid-in capital, it should be</p>	<p>Conform to the amendments to related regulations.</p>

<p>comparison, price negotiation, or request for bids. If the price is below 10 percent of the Company's paid-in capital, it should be approved following the authorization rules. If the price reaches 10 percent or more of the Company's paid-in capital, it should be subject to <u>General Manager's</u> approval and report to the next board meeting.</p> <p>3. The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for</p>	<p>subject to <u>Chairman's</u> approval and report to the next board meeting.</p> <p>3. The Company shall establish its procedures for the acquisition or disposal of assets in accordance with the provisions of these Regulations. After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor. Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>III. Responsibility department The Company's acquisition or disposal of real estate or <u>equipments</u> shall be performed in accordance with the Company's relevant operating guidelines and authorization by any related department.</p> <p>IV. The appraisal report of real estate or <u>equipments</u> In</p>	
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<p>discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>III. Responsibility department The Company's acquisition or disposal of real estate or <u>other fixed assets</u> shall be performed in accordance with the Company's relevant operating guidelines and authorization by any related department.</p> <p>IV. The appraisal report of real estate or <u>other fixed assets</u> In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of <u>equipment</u> for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (as follows)</p>	<p>acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of <u>equipment</u> for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (as follows)</p>	
<p><b>Article 8</b> The procedures of acquisition or disposal of real estate or other fixed assets from related parties (Item I. is omitted) II. Appraisal and procedure When the Company intends to acquire or dispose of real</p>	<p><b>Article 8</b> The procedures of acquisition or disposal of real estate or other fixed assets from related parties (Item I. is omitted) II. Appraisal and procedure When the Company intends to acquire or dispose of real</p>	<p>Conform to the amendments to related regulations.</p>

<p>property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of domestic money market funds, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a trading counterparty.</li> <li>3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Paragraph 3-1 and Paragraph of 3-4 of this Article.</li> <li>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</li> <li>6. An appraisal report from a professional appraiser or a</li> </ol>	<p>property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redeeming</u> domestic money market funds <u>issued by securities investment trust</u>, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the audit committee:</p> <ol style="list-style-type: none"> <li>1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.</li> <li>2. The reason for choosing the related party as a trading counterparty.</li> <li>3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with the Paragraph 3-1 and Paragraph of 3-4 of this Article.</li> <li>4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.</li> <li>5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of</li> </ol>	
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<p>CPA's opinion obtained in compliance with the preceding article. (as follows)</p>	<p>the transaction, and reasonableness of the funds utilization.</p> <p>6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article. (as follows)</p>	
<p><b>Article 9</b> Acquisition or Disposal of Memberships and Intangible Assets</p> <p>I. Appraisal and procedure The Company's acquisition or disposal of Memberships and Intangible Assets shall comply with fixed assets cycle procedure of the Internal Audit system.</p> <p>II. The decision process</p> <p>1. In acquiring or disposing of memberships, the company shall refer to market's fair value. The terms and conditions of the transaction and transaction price should be conducted as an analysis report and submit to the <u>President</u>. If the transaction price is below 1 percent of the Company's paid-in capital, it should be subject to <u>President's</u> approval and report to the next board meeting. If the transaction price reaches 10 percent or more of the Company's paid-in capital, it should not be executed until board of directors' approval. (2、3 paragraph are omitted) (Item III is omitted)</p> <p>IV. The opinions from the professionals of memberships or intangible assets</p> <p>1. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant</p>	<p><b>Article 9</b> Acquisition or Disposal of Memberships and Intangible Assets</p> <p>I. Appraisal and procedure The Company's acquisition or disposal of Memberships and Intangible Assets shall comply with fixed assets cycle procedure of the Internal Audit system.</p> <p>II. The decision process</p> <p>1. In acquiring or disposing of memberships, the company shall refer to market's fair value. The terms and conditions of the transaction and transaction price should be conducted as an analysis report and submit to the <u>Chairman</u>. If the transaction price is below 1 percent of the Company's paid-in capital, it should be subject to <u>Chairman's</u> approval and report to the next board meeting. If the transaction price reaches 10 percent or more of the Company's paid-in capital, it should not be executed until board of directors' approval. (2、3 paragraph are omitted) (Item III is omitted)</p> <p>IV. The opinions from the professionals of memberships or intangible assets</p> <p>1. Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the</p>	<p>Conform to the amendments to related regulations.</p>

<p>prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. (Paragraph 2 is omitted)</p>	<p>company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. (Paragraph 2 is omitted)</p>	
<p><b>Article 12</b> The procedure when the Company engages in a merger or consolidation, split, acquisition, or assignment of shares: I. Appraisal and procedure 1. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. (paragraph 2 is omitted) (Item 2~6 are omitted) 7. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference: (1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another</p>	<p><b>Article 12</b> The procedure when the Company engages in a merger or consolidation, split, acquisition, or assignment of shares: I. Appraisal and procedure 1. The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. But the company. The company consolidated owns direct or indirect. The Company merges its 100%, directly or indirectly, owned subsidiaries, or the merge between its subsidiaries which are 100%, directly or indirectly, owned by the Company shall be exempted from the reasonable opinions issued by the experts. (paragraph 2 is omitted) (Item 2~6 are omitted) 7. When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall</p>	<p>Conform to the amendments to related regulations.</p>

company's shares prior to disclosure of the information.

(2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

(3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

prepare a full written record of the following information and retain it for 5 years for reference:

(1) Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

(2) Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

(3) Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the

	latter is required to abide by the provisions of <u>paragraphs 1 - 2 &amp; 5.</u>	
<p><b>Article 13</b> Procedures of information disclosure</p> <p>I. Items and criteria for public announcement</p> <p>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the</p>	<p><b>Article 13</b> Procedures of information disclosure</p> <p>I. Items and criteria for public announcement</p> <p>1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redeeming of domestic money market funds issued by securities investment trust.</u></p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount reaches any criteria below:</p> <p>(1) Paid-in capital doesn't reach NT\$10 billion and the transaction amount is larger than NT\$500 million.</p> <p>(2) Paid-in capital reaches NT\$10 billion and the transaction amount reaches NT\$1 billion.</p> <p>5. Acquisition or disposal by a public company in the</p>	<p>Conform to the amendments to related regulations.</p>

<p>primary market or in accordance with relevant regulations.</p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>(4) Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(5) Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(6) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>5. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and</p>	<p>construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is larger than NT\$500 million.</p> <p>6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is larger than NT\$500 million.</p> <p>7. Where an asset transaction other than any of those referred to in the preceding <u>six</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>(3) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds issued by securities investment trust.</p>	
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<p>disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(Item II is omitted)</p> <p>III. Procedures of public announcement</p> <p>1. The Company shall make public announcement for all those information on the website which SFC designates.</p> <p>2. The Company shall publicly announce, on a monthly basis, the up-to-date status of itself and other non domestic public trading subsidiaries in the designated form and website prior to 10th of the following month.</p> <p>3. Should there is any mistakes or omission for those public announcements, the Company shall publicly announce or report all items.</p> <p>(Paragraph 4、5 are omitted)</p>	<p>8. The amount of transactions above shall be calculated as follows:</p> <p>(1) The amount of any individual transaction.</p> <p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>(3) The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p>(4) The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>(Item II is omitted)</p> <p>III. Procedures of public announcement</p> <p>1. The Company shall make public announcement for all those information on the website which SFC designates.</p> <p>2. The Company shall publicly announce, on a monthly basis, the up-to-date status of itself and other non domestic public trading subsidiaries in the designated form and website prior to 10th of the following month.</p> <p>3. Should there is any mistakes or omission for those public announcements, the Company shall publicly announce or report all items within 2 days from the day the matter is known or the event occurs.</p> <p>(Paragraph 4、5 are omitted)</p>	
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# Appendix I: Articles of Incorporation

## Chapter 1: General Provisions

### Article 1

The Company is organized as a company limited by shares and permanently existing in accordance with the Company Act of the Republic of China (the "Company Act") and the Company's English name is Catcher Technology Co., Ltd.

### Article 2

The scope of business of the Company shall be as follows:

1. CA01090 Aluminum molding business
2. CA01150 Magnesium molding business
3. CA01990 Other non-metal business
4. CC01110 Computer and peripheral manufacturing business
5. CB01010 Machinery and equipment manufacturing business
6. F401010 International trade business
7. CA02080 Metal forging business
8. CB01990 Other mechanical manufacturing business
9. C805050 Industrial plastic manufacturing business
10. CA04010 Surface treatment business
11. CQ01010 Mode manufacturing business
12. ZZ99999 Except for permitted business, the Company may engage in other businesses not prohibited or restricted by laws or regulations

### Article 2-1

The Company may handle endorsement and guaranty affairs in accordance with the Procedures for the Endorsement and Guaranty of the Company if there is any business need.

### Article 2-2

The Company may invest in other businesses which have been approved by the board of directors. The total investment amount may exceed 40% of the total paid-in capital of the Company, which the regulations stated in Article 13 of the Company Act.

### Article 3

The head office of the Company is located in Tainan City, Taiwan, the Republic of China

("R.O.C."). Subject to the approval of the board of directors and, the Company may, if necessary, set up subsidiaries, branches, or branch offices within or outside the territory of the Republic of China.

#### Article 4

Public announcements of the Company shall be made in accordance with the provisions of Article 28 of Company Act.

### **Chapter 2: Shares**

#### Article 5

The registered capital of the Company shall be NT\$10,000,000,000, divided into 1,000,000,000 common shares with a par value of NT\$10 per share. All the shares shall be issued in increments.

A total of 23,000,000 shares shall be set aside from the aforementioned common shares for the use as employee Stock Warrants, and the board of directors are authorized to issue by increments.

#### Article 5-1

For issuance of Stock Warrants where the price is less than the market price (book value) of the Company shares, or where the price of the treasury stocks to be transferred to the employees is less than the average price of the repurchased shares, shareholders representing the majority of the issued shares shall be present and approval by at least 2/3 of the presenting shareholders shall be required.

#### Article 6

The share certificates of the Company shall be all in registered form. The share certificates, after due registration with the competent authority, shall be signed or sealed by at least three directors and shall be legally authenticated prior to issue. The share certificates issued by the Company may be jointly exchanged for the share certificates with a larger par value.

#### Article 6-1

Any affair with regard to the shares of the Company shall be handled in accordance with the Guidelines for Handling Stock Affairs by a Public Issuing Company.

#### Article 6-2

The Company may, pursuant to the applicable laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical certificates evidencing shares or other securities. The Company shall arrange for such shares to be recorded by a centralized



securities custodian institution.

#### Article 7

Registration for transfer of shares shall be suspended sixty days immediately before the date of general shareholders' meeting, and thirty days immediately before the date of any extraordinary shareholders' meeting, or within five days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Company.

### **Chapter 3: Shareholders' Meetings**

#### Article 8

Shareholders' meetings shall be of two types

1. General meetings: Shall be convened annually by the Board within six months of the end of each fiscal year.
2. Extraordinary meetings: Shall be convened in accordance with the relevant laws, whenever necessary.

#### Article 9

The shareholder who cannot attend the shareholders' meeting in person may present a proxy letter, in accordance to regulations, issued by the Company, stating scope of authorization and designating a proxy.

#### Article 10:

Unless otherwise specified by the law, each shareholder of the Company shall be entitled to one vote for each share held.

#### Article 11

Except as otherwise provided in the relevant laws or the Company Act, any resolution of a shareholders' meeting shall be adopted at a meeting which at least general majority of the shareholders attend and at which meeting a general majority of the shareholders present vote in favor of such resolution.

### **Chapter 4: Board of Directors and Audit Committee**

#### Article 12

The Company shall have seven to nine Directors. The aforesaid Board of Directors must have no less than three independent directors and the number of independent directors shall not be less than 1/5 of the Board Members. The tenure of office of the directors will be three (3) years and they will be eligible for re-election. Directors shall be elected from a slate of director candidates at shareholders' meetings.

#### Article 12-1

More than half of the elected directors shall not have either one of the following relationships :

1.Spouse; 2.First-degree and second-degree relatives.

#### Article 12-2

If the elected directors are against Article 12-1, these elected directors with lower votes are ineligible.

#### Article 12-3

The professional qualifications, restrictions on the shareholdings and concurrent positions held, method of nomination and election, and other matters with respect to independent directors shall be in compliance with applicable laws and regulations.

#### Article 12-4

In compliance with Article 14-4 of the ROC Securities and Exchange Act, the Company shall establish an Audit Committee, which shall consist of all independent directors and no less than 3 members. One of them should have expertise in accounting or finance and one of them should convene the committee. The Audit Committee shall be responsible for those functions of Supervisors specified under the Company Act, Securities and Exchange Act and other relevant regulations. The resolution should be approved by more than half of the audit committee members.

#### Article 13

The Company shall have a chair of the Board. The chair of the Board shall be elected by and among the directors by a majority of directors present at a meeting attended by more than two thirds of directors. The chair of the Board shall externally represent the Company.

#### Article 13-1

The Board of directors should be formed by the directors, and have the following functions and responsibilities:

1. Preparation of business report.
2. Proposing the earnings distribution or the making-up of losses.
3. Proposing the increase or reduction of capital.
4. Preparation of important procedures, rules, amendments, or agreements.
5. Appointment and removal of the president or vice presidents.
6. Approval of the investment in other businesses.
7. Establishment or abolishment of the branch offices.
8. Examination of business budgets and financial statement.
9. Appointment and removal of accountants.

10. Decision on the shareholders' monetary claims or the technology or goodwill which the Company is in need to exchange with the Company's shares within the authorized capital amount.
11. Decision on the Company's issuance of new shares in exchange with other companies' shares within the authorized capital amount.
12. The issuance of employees stock warrants.
13. Decision on repurchasing the shares of the Company and transferring to employees.
14. Other duties and powers granted by the law or by shareholders' meeting.

#### Article 13-2

In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors or the discharge of all independent directors, then the Board of Directors shall convene a shareholders' meeting within 60 days to elect new Directors to fill such vacancies in accordance with relevant laws, rules and regulations. The new Directors shall serve the remaining tenure of the predecessors.

#### Article 13-3

Except as otherwise provided in the Company Act of the Republic of China, the board meeting should be convened by chairman and such chairman shall act as the chairman of the meeting. Any resolution of a Board of Directors' meeting shall be adopted at a meeting which at least general majority of the director attend and at which meeting a general majority of the directors present vote in favor of such resolution.

#### Article 13-4

The Company shall notify every director for the board meeting with agenda seven days prior to the meeting, and may be through email or fax. If there's any urgent matter, it could be convened any time.

#### Article 13-5

The Board may establish Audit, Compensation or other functions of Committee.

#### Article 14

In case the chair of the Board asks for leave or for other reason cannot exercise his power and authority, the deputy should be in accordance with Article 208 of the Company Act.

#### Article 15

Where a director is unable to attend a meeting of the Board, he may appoint another director to represent him by proxy. Each director may act as a proxy for one other director only. The

meeting of the Board may be conducted in video conference and the directors who participate in the meeting through video conference are regarded as being present personally. The compensation to the directors is based on the peers' level and will be paid no matter the Company is in profit or loss.

#### Article 15-1

The Company may purchase liability insurance policies for directors during the tenure of their offices and within the scope of damages results from the performances of their official duties.

#### Article 15-2

For the items that should be submitted to the board of directors in accordance with Article 14-3 of the Stock and Exchange Act, the independent directors should be present at the meeting in person and shall not be in proxy of non-independent directors. If any director expresses dissent and it shall be contained in the meeting minutes. If the independent director is not able to be present at the meeting in person to express his dissent, except for proper reasons, the director shall submit the written statements and shall be contained in the meeting minutes.

### **Chapter 5: President and Vice Presidents**

#### Article 16

The Company shall have managerial officers. Appointment, removal and remuneration of the managerial officers shall be subject to the provisions of Article 29 of the Company Act.

### **Chapter 6: Accounting**

#### Article 17

At the end of each fiscal year, the Board of Directors shall prepare the following statements and reports, and submit the same to the Audit Committee for examination thirty (30) days prior to the annual general meeting, and then shall submit the same to the annual general meeting for adoption: (1) Business Report; (2) Financial statements; (3) Proposal governing the distribution of profit or the making-up of losses.

#### Article 18

The Company shall allocate the net profit ("earnings"), if any, according to the following sequence:

1. Making up loss for preceding years

2. Setting aside 10% for legal reserve
3. Setting aside or reverse special reserve(s) according to the business need or laws and regulations.
4. 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.

Because the Company is still in its growth stage, the dividend policy of the Company shall be determined pursuant to the factors, such as the economics, growth potential, sustainability, and long term development. The steadiness and growth of dividends will be also taken into account. Cash dividends shall not be below ten percent (10%) of the total dividends, but when the cash dividends fall below NT\$0.5 per share, dividends shall be distributed in the form of stocks.

#### Article 18-1

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.

### **Chapter 7: Supplementary Articles**

#### Article 19

In regard to all matters not provided for in these Articles of Incorporation, the Company Act shall govern.

#### Article 20

These Article of Incorporation were enacted on Sep. 19, 1984 and amended on Jun. 12, 1986 for the first time, on Jul 22, 1986 for the second time, on Mar. 16, 1989 for the third time, on Jun. 13, 1990 for the fourth time, on Jul. 27, 1992 for the fifth time, on Oct. 1, 1992 for the sixth time, on Jun. 20, 1994 for the seventh time, on Apr. 27, 1996 for the eighth time, on Sep. 13, 1996 for the ninth time, on Jan. 31, 1997 for the tenth time, on Jul 10, 1997 for the eleventh time, on Sep. 27, 1997 for the twelfth time, on Jun 21, 1998 for the thirteenth time, on Nov 2, 1998 for the fourteenth time, on Mar. 18, 1999 for the fifteenth time, on Apr. 24, 2000 for the sixteenth time, on Jun. 12, 2001 for the seventeenth time, on May 30, 2002 for

the eighteenth time, on May 6, 2003 for the nineteenth time, on May 24, 2004 for the twentieth time, on May 24, 2004 for the twenty-first time, on May 31, 2005 for the twenty-second time, on May 30, 2006 for the twenty-third time, on June. 28, 2007 for twenty-fourth time, on Jun. 26, 2009 for twenty-fifth time, on Jun. 25, 2010 for twenty-sixth time, on Jun. 13, 2012 for the twenty-seventh time, on Jun. 13, 2013 for the twenty-eighth time, on May 19, 2016 for the twenty-ninth time.

## **Appendix II: Rules and Procedures of Shareholders' Meeting**

### Article 1

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Articles of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

### Article 2

The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.

### Article 3

Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place. Those shareholders who hold less than 1,000 shares of registered stock may be informed of the meeting notice 30 days in advance by means of posting a public announcement on the Market Observation Post System website. All shareholders shall be notified 15 days in advance when an extraordinary general meeting is convened. Those shareholders who hold less than 1,000 shares of registered stock may be notified 15 days in advance by means of posting a public announcement on the Market Observation Post System website. The subject of the meeting shall be explicitly stated in notices and public announcements. When the relevant parties

grant their consent, notification may be performed using electronics means. The election or dismissal of directors, amendment to the Articles of Incorporation, the dissolution, merger, split up of the Company, or anything as stated in Article 185, Paragraph1 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be stated as the causes of convention and shall not be proposed as special motions in the meeting. Shareholders holding at least 1% of the total number of issued shares may submit annual general meeting proposals to the Company in writing. Any proposal relates to Article 172, Paragraph1-4 of the Company Act shall not be accepted. The company shall publicly announce acceptance of shareholders' proposals, the place of acceptance, and the acceptance period before the book closure date prior to the annual general meeting. The acceptance period may be no shorter than 10 days. The proposal shall not exceed 300 characters in length (including punctuation marks), or the proposing shareholder shall not submit more than one proposal, and fail to comply with these requirements will cause the entire proposal being excluded from the Shareholders' meeting. The proposing shareholder(s) or its designee shall attend the meeting and join the discussion. The Company shall notify those shareholders who submitted proposals of the results of process of the proposals prior to the notification of annual general meeting. If the shareholders' proposals to be included in the meeting agenda according to the rule; such proposals shall be included in the agenda. With regard to any shareholder proposals not included in the meeting agenda, the Board shall include in the meeting handbook an explanation of why each proposal was not included.

#### Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company before 5 days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before 2 days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

#### Article 5

The venue for a shareholders meeting shall be the premises of the Company, or a place



easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

#### Article 6

The handbook of shareholders' meeting, annual report, attendance pass, speaking slips, ballots, and other material should be provided to the shareholders in attendance.

Shareholders and their proxies shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification. Government or juristic shareholders may send more than one representative to a shareholders' meeting. However, a juristic person attending a shareholders' meeting as a proxy may send only one representative to attend.

The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences.

The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

#### Article 7

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair. It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

#### Article 8

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

#### Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

#### Article 11

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

#### Article 12

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued

shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

### Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When this Corporation holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 5 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting

rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in this Corporation's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

#### Article 14

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

#### Article 16

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

#### Article 17

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by this Corporation, the chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

#### Article 18

When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19

These Rules, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

## Appendix III: Shareholdings of All Directors

1. Catcher Director Shareholding and Legal Minimum Shareholdings is as follows:  
 Common shares issued 770,391,069 shares  
 Legal holding of all directors in number of shares 31,654,362 shares
2. The Company has set up an Audit Committee, so limitations on supervisors' holdings are not applicable.
3. As of April 21, 2017, all board members' shareholding are as follows:

Position	Name	Number of shares	Shareholding %
Director	Shui-Shu Hung	10,704,834	1.39%
Director	Tien-Szu Hung	10,661,889	1.38%
Director	Shui-Sung Hung	10,278,970	1.33%
Director	Ming-Long Wang	0	0.00%
Independent Director	Lih-Chyun Shu	0	0.00%
Independent Director	Mon-Huan Lei	0	0.00%
Independent Director	WEN-JIE Huang	8,669	0.00%
All Directors		31,654,362	4.10%



## **Appendix IV: Other Items**

### **1. Impact of Stock Dividend Distribution on Operating Results,, Earnings per Share and Shareholders' Return on Investment**

Not Applicable

### **2. Shareholders' Proposal for 2017's Shareholders' Meeting**

According to Company Act-section 172-1 and related regulations, the shareholders with above 1% holdings of Catcher could submit the proposals to the Company (No 398, RenAi Street, Yongkang Dist, Tainan, Taiwan) during the period starting from 2017/04/07 to 2017/04/17. No proposals for 2017's shareholders' meeting were received during the period.