

# CATCHER TECHNOLOGY CO., LTD

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## 2016 ANNUAL SHAREHOLDERS' MEETING

(Translation)

May 19, 2016

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Note:

• Minutes of 2016 Annual Shareholders' Meeting will be available on CATCHER's website (<http://www.catcher-group.com>) within 20 days after the Meeting.

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#### 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**

### **2016 ANNUAL SHAREHOLDERS' MEETING PROCEDURE**

- I. Call Meeting to Order
- II. Chairman's Address
- III. Discussion Items (1)
- IV. Report Items
- V. Proposed Resolutions
- VI. Discussion Items (2) and Election
- VII. Other Business and Special Motion
- VIII. Meeting Adjourned

## **II. MEETING AGENDA**

### **CATCHER TECHNOLOGY CO., LTD 2016 ANNUAL SHAREHOLDERS' MEETING AGENDA (Translation)**

- I. Time: 10:00 a.m., May 19, 2016
- 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. Discussion Items (1)
  - (1) To amend the Articles of Incorporation
- VI. Report Items:
  - (1) To report the business of 2015
  - (2) Audit Committee's review report of 2015
  - (3) To report the distribution of compensation for employees and directors
  - (4) To report the status of indirect investment in mainland China
- VII. Proposed Resolutions
  - (1) To accept 2015 Business Report and Financial Statements
  - (2) To accept the proposal for distribution of 2015 profits
- VIII. Discussion Items (2) and Election
  - (1) To approve the issuance of new common shares for cash and/or issuance of Global Depository Receipt (GDR)
  - (2) To elect new Directors
  - (3) To approve the proposal of releasing the prohibition on directors from participation in competitive business
- IX. Other Business and Special Motion
- X. Meeting Adjourned

## 1. Discussion Items (1)

1. To amend the Articles of Incorporation (Proposed by the Board of Directors)

Explanatory Notes: (1) To conform to the amendments to Company Act issued by Ministry of Economic Affairs on 2015/06/11. (2) The comparison tables for the aforementioned internal rules before and after revisions are attached hereto as Attachments I

## 2. Report Items

1. To report the business of 2015

Explanatory Notes: Please refer to Attachment II.

2. Audit Committee's review report of 2015

Explanatory Notes: Please refer to Attachment III.

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

Explanatory Notes: Please refer to Attachment IV

4. To report the status of indirect investment in mainland China

Explanatory Notes: The Company's indirect investments in China during 2015:

Approval Numbers	Name of China Subsidiary	Approved Investment Amount	Note
MOEA Investment Committee #10400002050	Arcadia Technology (Suqian) Co., Ltd	US\$99,000,000.00	

### 3. Proposed Resolutions

1. To accept 2015 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanatory Notes: (1) CATCHER's 2015 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 V.

(2) Please accept the 2015 Business Report, Financial Statements, and Consolidated Financial Statements.

2. To approve the proposal for distribution of 2015 profits (Proposed by the Board of Directors)

Explanatory Notes: (1) The proposed profits distribution is allocated from Retained Earnings in 2015 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 2016 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 2015

Unit: NTD

Retained Earnings at the beginning of this period	\$46,621,345,844
Adjustment in Retained Earnings from equity-method investment	(19,524)
Adjustment in Retained Earnings from benefit plans	<u>(1,954,950)</u>
Retained Earnings after adjustment	46,619,371,370
Profits for current year	25,120,856,562
Minus: Legal Reserve	<u>(2,512,085,656)</u>
Retained Earnings Available for Distribution	69,228,142,276
Dividends- Cash (NTD 10 per share)	<u>(7,703,910,690)</u>
Retained Earnings at the end of this period	<u>\$61,524,231,586</u>

(1) The dividends distributed come from 2015 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 (2) and Election

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 common 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 Elect New Directors (Proposed by the Board of Directors)

Explanatory Notes: (1) The three-year term of 7 Directors of the Board will end on 2016/06/12. Accordingly, the Company proposes to duly elect new Board members at this year's Annual General Meeting of Shareholders according to Articles of Incorporation (2) The shareholders' meeting shall elect 7 Directors, including 3 Independent Directors. Their three-year term will start from 2016/05/19 to 2019/05/18. The incumbent Directors will be dismissed after the re-election of the Directors based on the Article 12 of Articles of Incorporation. (3) According to Articles of Incorporation, a total of 3 Independent Directors shall be elected from the nomination list prepared by the Company. The qualification of the 3 nominated Independent Directors has been reviewed by the Board meeting on 2016/04/06. Personal information of the 3 nominees is as follows:

Name	Education	Experience	Also Serves Concurrently as	Shareholding
Lih-Chyun Shu	Doctor, Computer Science/Purdue University	Associate Professor of National Cheng Kung University/ Associate Professor of Chang Jung Christian University/ Dean of College of Information and Engineering of Chang Jung Christian University	Professor of department of Accounting in National Cheng Kung University Director of Chang Jung Christian University	0%
Mon-Huan Lei	Medical School / National Taiwan University	Adjunct Instructor of National Taiwan University College of Medicine/ Director of Lo-Hsu Foundation, Inc., Lotung Poh-Ai Hospital	Assistant administrator of Lo-Hsu Foundation, Inc., Lotung Poh-Ai Hospital	0%
Wen-Chieh Huang	Master/Dept. of Architecture, Tamkang University	Partner/Huang Wen-Chieh Architects Adjunct Assistant Professor/Feng Chia University	Partner/Huang Wen-Chieh Architects	8,669 shares

Voting Results:

3. To approve the proposal of releasing the prohibition on directors from participation in competitive business

Explanatory Notes: Proposal for releasing the prohibition on directors from participation in competitive business in the presumption that the behavior may not harm the Company's benefits.

## 5. Other Business and Special Motion

## 6. Meeting Adjourned



## Attachment I

### “Articles of Incorporation” (Comparison Table for the Before and After Revision)

BEFORE THE REVISION	AFTER THE REVISION	Explanatory Notes
<b>Article 12</b>  The Company shall have seven to nine Directors. The aforesaid Board of Directors must have at least three independent directors. 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.	<b>Article 12</b>  The Company shall have seven to nine Directors. The aforesaid Board of Directors must have <u>no less than three independent directors and the number of independent directors shall not be less than 1/5 of the Board Members</u> . 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.	To conform to the amendments to Article 8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies
<b>Article 12-4</b> In compliance with Article 14-4 of the ROC Securities and Exchange Act, the Company shall establish an Audit Committee, which shall be 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. The supervisors are also dismissed at the day of the establishment of Audit Committee. <del>The supervisors are also dismissed at the day of the establishment of Audit Committee.</del>	<b>Article 12-4</b> In compliance with Article 14-4 of the ROC Securities and Exchange Act, the Company shall establish an Audit Committee, which shall be 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.	We established Audit Committee in 2013 and thus deleted the wording.
<b>Article 18</b>  The Company shall allocate the net profit (“earnings”), if any, according	<b>Article 18</b>  The Company shall allocate the net profit (“earnings”), if any, according to the following	To conform to the amendments to Company Act issued by Ministry of Economic Affairs on 2015/06/11

<p>to the following sequence:</p> <ol style="list-style-type: none"> <li>1. Making up loss for preceding years</li> <li>2. Setting aside 10% for legal reserve <del>until the accumulated amount achieves the total amount of the Company's capital.</del></li> <li>3. Setting aside special reserve(s) according to the business need or laws and regulations.</li> <li>4. <del>Allocation of the amount of no less than 1% to employees and no more than 1% for remuneration of directors of the residual amount after distribution of Item 1 to 3. The remainder shall be put into the retain earning, and the board can determine to distribute or to retain according to the dividend policy. The employees to receive stock bonus may include certain qualified employees from affiliate companies and the qualification of such employees is to be decided by the board of directors.</del></li> </ol> <p>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.</p>	<p>sequence:</p> <ol style="list-style-type: none"> <li>1. Making up loss for preceding years</li> <li>2. Setting aside 10% for legal reserve</li> <li>3. Setting aside <u>or reverse</u> special reserve(s) according to the business need or laws and regulations.</li> <li>4. <u>Any remaining earnings should be added to the accumulated retained earnings</u> and current period's adjustments, and the board can determine to distribute or to retain according to the dividend policy.</li> </ol> <p>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.</p>	
<p><b>Article 18-1</b></p> <p>Newly added</p>	<p><b>Article 18-1</b></p> <p><u>The Company shall distribute no less than 1 percent of the current year's profit if any as compensation for employees and</u></p>	<p>To conform to the amendments to Company Act issued by Ministry of Economic Affairs on 2015/06/11</p>

	<u>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.</u>	
<b>Article 20</b>  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	<b>Article 20</b>  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,	Add the record for revising the Articles of Incorporation

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.	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, <u>on May 19, 2016 for the twenty-ninth time.</u>	
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# **Attachment I: Articles of Incorporation (After Revision)**

## **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.

## Attachment II

### 2015 Business Report

Dear Shareholders,

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

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

#### Financial performance

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

#### Operation Results (Group)

Unit: in thousand NTD

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

#### Profitability (Group)

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

## **Research and Development**

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

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

## **Business strategies**

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

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

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

## **Important sales policies**

The outlook of the metal casing business: smartphones will grow significantly to replace

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

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

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

In terms of external competition, the gross profit in the IT electronics industry will be increasingly compressed as technology progresses in leaps and bounds and new products are being constantly launched. The generally positive outlook of metal component parts is drawing a wave of new competitors, creating a significant amount of pressure on the existing businesses. However, competition is inevitable and serves to maintain positive catalyst among this industry. In order to ensure our leading position, the company pays close attention to the markets and technological development and changes by collecting and analyzing the information on different materials and manufacturing process. The objective is to reduce the impact of changes in technology while keep enhancing advanced technologies. In addition to investing in basic material science, the company also reinforces development in different material molding as well as processing and surface treatments, enhances core R&D techniques, and diversifies its products and lift them onto higher levels to secure and stabilize profits. Excellent production techniques and huge capacity will be utilized to provide premium customer services in order to strengthen mutually beneficial for long term relationships.

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

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

### **Business outlook and targets**

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

For smartphone market in 2015, IDC indicated the shipments of smartphones to be around 1.433 billion, up 10.1% y-y in a high pace. IDC also estimates the smarphone will increase to 1.563 billion units in 2016, up 8.8% y-y , and up 8% to 1.687 billion units in 2017. We expect the competition between different brands and different operating systems to be

more fierce in the future for smartphones, thus mid-to-high models will be the main source of profitability for brand customers. High value-added and product differentiation will be the fundamental for tier 1 brands to expand market share. Moreover, due to the trend of being larger screen size, thinner, lighter and fashions for smartphones, metal casing has become one of the must-have specifications. The trend of metal casing design also leads to the “bigger gets bigger” in the industry. As a result, smartphones remain one of the main growth drivers for the Company.

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

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

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

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

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

Chairman Shui-Shu Hung



## Attachment III:

### Audit Committee's Review Report

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

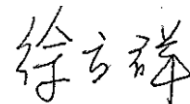
Catcher Technology Co., Ltd.

#### Audit Committee Members

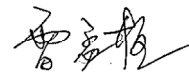
Independent Director:



Independent Director:



Independent Director:



February 25, 2016




## Attachment III:

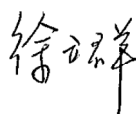
### Audit Committee's Review Report

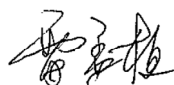
The Board of Directors has prepared the Company's 2015 business report, and Earning Distribution Statement for the year of 2015. The business report, and Earning Distribution Statement have been reviewed and determined to be correct and accurate by the Audit Committee of CATCHER. The Audit Committee 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: 

April 6, 2016

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

The Distribution for compensation to Directors and Employees

On April 6, 2016, the Board of Directors resolved the dividends distribution in cash:

<b>Item</b>	<b>Proposed amount</b>
Directors' Compensation	\$ 17,000,000
Employees' Compensation	\$ 400,723,980

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

**Attachment V:**  
**INDEPENDENT AUDITORS' REPORT**

# INDEPENDENT AUDITORS' REPORT

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

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

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

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

February 25, 2016

Notice to Readers

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

*For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.*

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

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

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

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

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

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

(Continued)

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

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

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

(Concluded)



# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

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

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

# CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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

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

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

(With Deloitte & Touche audit report dated February 25, 2015) (Concluded)  
For Catcher Technology Parent Company's Financial Statements, please refer to Chinese version of 2016 Annual General Meeting Handbook.

# **Appendix I: Articles of Incorporation (Before Revision)**

## **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

3. General meetings: Shall be convened annually by the Board within six months of the end of each fiscal year.
4. 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 at least three independent directors. 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. The supervisors are also dismissed at the day of the establishment of Audit Committee.

#### 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:

15. Preparation of business report.
16. Proposing the earnings distribution or the making-up of losses.
17. Proposing the increase or reduction of capital.
18. Preparation of important procedures, rules, amendments, or agreements.
19. Appointment and removal of the president or vice presidents.
20. Approval of the investment in other businesses.
21. Establishment or abolishment of the branch offices.
22. Examination of business budgets and financial statement.
23. Appointment and removal of accountants.
24. 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.

25. Decision on the Company's issuance of new shares in exchange with other companies' shares within the authorized capital amount.
26. The issuance of employees stock warrants.
27. Decision on repurchasing the shares of the Company and transferring to employees.
28. 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:

5. Making up loss for preceding years
6. Setting aside 10% for legal reserve until the accumulated amount achieves the total

amount of the Company's capital.

7. Setting aside special reserve(s) according to the business need or laws and regulations.
8. Allocation of the amount of no less than 1% to employees and no more than 1% for remuneration of directors of the residual amount after distribution of Item 1 to 3. The remainder shall be put into the retain earning, and the board can determine to distribute or to retain according to the dividend policy. The employees to receive stock bonus may include certain qualified employees from affiliate companies and the qualification of such employees is to be decided by the board of directors.

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.

## **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.

## **Appendix II: Rules For Election Of Directors**

### **Article 1**

Unless otherwise provided in the Company Act or the Articles of Incorporation of the Company, the directors of the Company shall be elected in accordance with the rules specified herein.

### **Article 2**

In election of directors of the Company, each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided. In the election of directors of the Company, the names of voters may be represented by shareholders' numbers.

### **Article 3**

In the election of directors of the Company, candidates who acquire more votes should win the seats of directors. There should be more than half of the seats of the directors who are not the spouse of the second degree of kinship of each other.

### **Article 4**

The qualification and election of the independent directors of the Company should be in accordance with Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies and the Article 24 of Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

### **Articles 5**

If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such person acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present. If the elected director's personal information is incorrect or unqualified according to the related regulations, the seat should be taken by the original person who acquires the number of votes next to the elected director.

### **Article 6**

The shareholders on the shareholders' list all have voting rights. If there's designated representative of the corporate shareholder, it should be submitted in written form and be recorded on the shareholders' list.

### **Article 7**

The ballots should be prepared by the Board of Directors according to the shareholders' numbers and indicates the number of voting rights of each shareholder.

#### Article 8

At the beginning of the election, the Chairman shall appoint several persons to check and record the ballots.

#### Article 9

If the candidate is a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name and shareholder's number and the number of the votes cast for such candidate. If the candidate is not a shareholder of the Company, voters shall fill in the "candidate" column the candidate's name, the candidate's ID number and the number of votes cast for such candidate. If the candidate is government agency or a legal entity, the full name of the government agency of the legal entity or the name(s) of their representative(s) should be filled in the column.

#### Article 10

Ballots shall be deemed void under the following conditions:

- (1) Ballots not prepared by the Company;
- (2) Ballot being filled in with two or more than two candidates;
- (3) Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate;
- (4) Ballots no placed in the ballot box in the specified period;
- (5) Illegible writing;
- (6) If the candidate is a shareholder of the Company, the name or shareholder's name of the candidate filled in the ballot inconsistent with the shareholders' register. If the candidate is not a share holder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
- (7) The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them;
- (8) Blank ballots not completed by the voter.

#### Article 11

The ballot box used for voting shall be prepared by the Company and checked in public by the person to check the ballots before voting

#### Article 12

The ballots should be calculated during the meeting right after the vote casing and the results of the election should be announced by the Chairman at the meeting.

Article 13

The Board of the Directors shall issue notifications to the directors elected.

Article 14

Matters not specified herein shall be resolved in accordance with Company Act or the applicable laws or regulations.

Article 15

These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

## **Appendix III: 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 IV: Shareholdings of All Directors

- 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 24,652,514 shares
- The Company has set up an Audit Committee, so limitations on supervisors' holdings are not applicable.
- As of March 21, 2016, 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	I-Shiung Chuang	0	0.00%
Independent Director	Lih-Chyun Shu	0	0.00%
Independent Director	Mon-Huan Lei	0	0.00%
All Directors		31,645,693	4.10%

## **Appendix V: 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 2016'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 2016/03/16 to 2016/03/25. No proposals for 2016's shareholders' meeting were received during the period.