CATCHER TECHNOLOGY CO., LTD

2013 Annual Report

DISCLAIMER:

CATCHER's Annual Report 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.

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

Spokesperson	Acting Spokesperson
Name: James Wu	Name: Pi-Fen Huang
Title: Vice President	Title: Internal Audit Manager
TEL: +886-2-2798800#2812	TEL: +886-6-253-9000#1101
Email：james.wu2@catcher-group.com	Email： IR@catcher-group.com

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

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

TEL：+886-6-253-9000

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

Name: Registrar & Transfer Agency Department, KGI Securities Co., Ltd

Address: 5F, No2, Sec. 1, Chung Ching South Rd., Taipei City100, Taiwan (R.O.C.)

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

TEL: +886-2-2389-2999

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

Accountant: Hung Ju Liao, Chi Chen Lee

Firm: Deloitte & Touche

Address: 13F, No.77, Sec 2, Chung Hwa East Road, Tainan City 701, Taiwan (R.O.C.)

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

TEL: +886-6-289-6849

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

Luxembourg Stock Exchange

Disclosed information can be found at BLOOMBERG Website

6. Webpage of the Company

http://www.catcher-group.com

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One、Letter to Shareholders

Dear Shareholders,

The global economy was slowly recovery in 2013. The competition between brand companies became more intense due to the lukewarm demand. 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 2013, the consolidated sales reached NT$ 43.2 billion, up 17% compared to NTD 37 billion in the previous year. The net profit reached NT$ 13.8 billion in 2013, a 28% growth compared to the previous year. Both sales revenues and earnings hit the record high.

In 2014, Catcher is continued 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 metal casing industry.

In the future, Catcher still strengthens its core competence, makes vertical integration, and uses different materials, leading design, new technology of process and the economic scale to make the multi-advantage in order to maintain the growth of revenue and profit.

We did see some achievement from the use of new material, like carbon fiber and glass fiber, and expect the products will gradually increase. It proved that Catcher expanded the scale and again had another breakthrough in new materials and new manufacture process. These new material will be able to play a certain role in mobile devices. In addition, the Company will also expand the application from plastic, provide the total solution for all of the mechanical parts, and strengthen the company's leading position in the industry.

Financial performance

The consolidated revenue of the Catcher Group in 2013 was NT$43.2billion. The consolidated gross profit ratio of the group was 42%. The consolidated net income after tax was NT$13.8 billion, and the basic earnings per share was NT$18.38.

Operation Results (Group)

Unit: in thousand NTD

Item	2013		2012	
	Amount	%	Amount	%
Operating revenues	43,245,550	100%	37,028,798	100%
Gross Profit	18,320,726	42%	16,043,907	43%
Operating income	13,915,661	32%	12,160,421	33%
Income before tax	17,528,275	41%	13,943,983	38%
Net income	13,801,184	32%	10,811,975	29%

Profitability (Group)

Item		2013	2012
Return on assets		14%	12%
Return on equity		20%	18%
Percentage of capital	Operating income	185%	162%
	Income before tax	233%	186%
Net income to sales		32%	29%
EPS（NTD）		$18.38	$14.40

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 laser engraving of components/seamless welding, metal/plastic injection mold techniques, etching and multi-color surface treatment techniques, and high precision extrusion techniques for large metal casing. The company also invests a lot of effort in extending into other niche products which the existing production technologies. The latest research results include vacuum sputtering technology using aluminum alloy at low temperature, aluminum alloy with plastic injection mold for mobile phones, metal injection bezel with surface treatment by vacuum thin film sputtering, and premium metal texture for mobile phones and plastic injection fitting in combination with a variety of aesthetics treatment components, notebooks, mobile phone etching, multi-color aluminum anodizing casing, high strength one-piece precision metal extruded casing, and development of special heat dissipation techniques and related application designs.

Business strategies

To continuously strengthen the competitive advantage in this industry, along with our vertical integration, Catcher is going to use advanced materials, designs and technological process innovation 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 to reduce labors/ labor cost, and enhance productivity and quality. 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. In 2013, new factories in Suqian & Taizhou were ready for mass production. 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: portable devices like smartphones, tablet PCs, and NBs become lighter, thinner, sleeker, and more robust; the portable devices become more and more popular; the strong growth of smartphone and tablet also demonstrates that the trend of being lighter and thinner is quiet clear. Looking at the design trends of various types of consumer electronics products, the metal casing, supplement with other materials, will continue to be the best solution.

To continuously increase capacity at a steady pace to meet customer demands, and to gradually implement fastest manufacturing/sales support for the customers are also our goal. 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. 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.

For mobile phone market in 2013, MIC estimated the shipments of Mobile phones (including Smartphone & Tablet) to be around 1.918 billion, up 9.5% y-y. In comparison with the mild growth of mobile phones, smartphones show high growth rate. MIC also estimated the smartphone shipments of 2013 reached 991 million units, up 42% from 698 million in 2012. That is the first time that smartphone units surpass feature phones. The smartphone units are estimated to be 1.26/1.51/1.708 billion from 2014-2016, a double digit increase per annum. We expect the growth from smartphones will come from the competition between different brands and OS. The trend of being large screen size, thinner, lighter, and fashion for smartphones will cause the intense demand for metal parts and will certainly benefit Catcher.

IDC estimated the shipment of Tablet PC in 2013 was around 229 million units, compared with 144 million in 2012, up by 59%. It becomes the largest growth driver among all electronic products. IDC also estimates that tablet will continue to grow 25% to 287 million units in 2014, and up 16% to 332 million in 2015. The strong growth of tablet is obvious and the requirement of the strength of protection for mobile devices, like tablet PCs, can generate the demand of metal casing. Therefore, it should be the key driver for future growth.

According to Citigroup, 2013 sales volume of PC achieved 316 million units, compared with 2012's 349million, decline 10% Y-Y. The main reasons were that the some consumer models were cannibalized by tablet PCs, and the new CPU/OS were postponed. The shipment of PC is expected to further decrease to 308 million, while the decline is decelerate to 2%. PC market is quite mature and the shipment of 2015 is estimated to be 301 million.

Notebook shipments of 2013 were 179 million, compared to 200 million units in 2012, down 11% Y-Y. As for 2014, it will reach to 174 million units (-3% Y-Y); and 169 million in 2015 (-3%

Y-Y). 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 the help of new CPU/OS.

Looking ahead of 2014, smartphones and tablets will continue to experience growth and the metal penetration rate will increase, which are expected to drive growth in the metal component industry. 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 quality, yield rate, mass production capability, and innovation. 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.

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Chairman Allen Hung

Two、Corporate Profile

1. Date of Incorporation: November 23, 1984

2. Milestones

1984: Located in No. 60, lane 77, Hai-zhong street, Tainan city with initial capital of NTD2 million, Catcher began to develop aluminum alloy casting parts for hard drives.

1986: Increased NTD3 million capital in cash and paid-in capital totaled NTD5 million. Commenced mass production for hard drives to supply Micro Science Technology, the largest hard drive manufacturer in Taiwan, and began to develop magnesium alloy die casting technologies.

1987: Magnesium alloy die casting technology developed smoothly, and Catcher received the first order from Prime Company for 5 1/4" floppy drive reading/writing arm.

1988: The Company's products quality was highly accepted by customers, and in order to enlarge business size, the Company decided to buy a new land in Yung Kang Industrial Park of 4,958.55 square meters, for building new plants and equipments.

1989: Moved in No. 79, Huan-Gong road, Yong-Kang city, Tainan County, and procured our first hot chamber die casting machine from a German manufacturer to produce magnesium alloy reading/writing arms for hard drives. This mentioned above high-tech machine has even attracted Japanese casting companies' attentions and visited the Company purposely. In the same year, the Company purchased Toshiba's aluminum alloy die casting machine, 800 tons, and vacuum casting equipments to produce the aluminum alloy casting parts and components. The Company then exported to Japan the aluminum alloy casting parts, which could stand high temperatures up to 400℃.

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

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

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

1994: Cash offering of NT$15 million, and paid-in capital totaled NT$40 million. The

Company was accredited with ISO 9002 from DNVI and started to cooperate with Acer Inc., one of the largest PC brand names manufactures in Taiwan, to develop notebook PC components made by magnesium alloys casting parts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2006: To be honored with "Forbes Asia's 200 Best under a billion".

To be honored with "Number 19 on Asian BusinessWeek 50 Scoreboard".

To be honored with "Standard & Poor's Blue-Chip Stock".

Catcher invested in Meeca Technology (Suzhou) Co., Ltd. and in the meantime procured hundreds of CNC process machines and other production equipment as well as operating labors in the fourth quarter. In October, capitalization from retained earnings of NTD1,194,729 thousand (included NTD$25,000 thousand of employee bonus shares) and in addition the Euro-Convertible bond has been transferred to common shares amounted 10,951 thousand shares and paid-in capital increased to NT$4,141,365 thousand dollars.

2007: To be honored with "First-place award in the Top 10 Benchmark Corporation investing in China" and Second-place award in the "Most Qulified Overseas IPO of Top 10 Subsidiary Company in China" of the "Business Groups in Taiwan" published by China Credit Information Service.

Capitalization from retained earning of NT$1,274,442 thousand (including NT$32,000 thousand of employee bonus shares) in October and paid in capital increased to NT$5,415,917 thousand dollars. To integrate and reorganise the offshore investment structure and to ease the management, Cepheus International Co., Limited, Cygnus International Co., Limited, Lyra International Co., Limited, Uranus International Co., Limited were incorporated in Hong Kong and Castmate International Pte. Ltd., Norma International Pte. Ltd., Saturn International Pte. Ltd. were incorporated in Singapore.

2008: Capitalization from retained earning of NT$581,242 thousand (including NT$39,650 thousand of employee bonus shares) in November and paid in capital increased to NT$5,997,159 thousand dollars.

The Company bought in a building located at No. 500, section 2, Bentian Rd.

To comply with the expansion plan of corporate operation and China's preferential policy for foreign investment, Catcher set up Catcher Technology (Suqian) Co., Ltd. in China.

2009: The Company was accredited with ISO 14001 in September.

Capitalization from retained earning in November. The paid in capital increased to NT$6,649,085 thousand after the capitalization.

Convertible bonds issued for NT$ 5 billion in December.

The Company invested in 100% owned subsidiaries in China for USD 93 million.

2010 Consolidated sales revenue was 21.8 billion. It achieved the highest record in the history.

Focus on the Unibody Desgin of Samrtphone business, expanded the CNC capacity, and became one of the leading casing company with meaningful CNCcapacity.

Catcher Technology (Suqian) started the mass production.

2011 Consolidated sales revenue was 35.9 billion, net profit was 10.67 billion. Both of sales revenue and net profit in 2011 were the record high.

1st Global Depository Receipts (Issue Amount USD 220,028 thousand with 6,700,000 units) issued in 2011.

2nd domestic unsecured convertible bonds (Total Amount NTD 4.5 billion) issued in 2011.

2011 Job creation Contribution Award by Executive Yuan.

2011 Taiwan's Top 100 Innovative Corporate Award by Industrial Development Bureau of the Ministry of Economic Affairs

2012 Taiwan's Top 100 High Tech Corporate Award by Business Next Media Group.

Capitalization for Catcher's subsidiaries, such as Catcher Technology (Suqian), Catcher Technology (Suzhou), TOPO Technology, and Meeca Technology.

Donations to Japan-Miyagi Prefecture for 311 Great East Japan Earthquake disaster area.

2012 Consolidated sales revenue was 37.0billion, and net profit was 10.89 billion. Both of the sales revenue and net profit in 2012 were the record high.

Catcher was ranked one of the 1,000 fastest growing companies in the world.

Catcher was ranked as No.5 of 2012 Taiwan Corporate Award & No. 3 of Top 10 the Best Profitable Company; No.10 of Top 10 Growth Corporate.

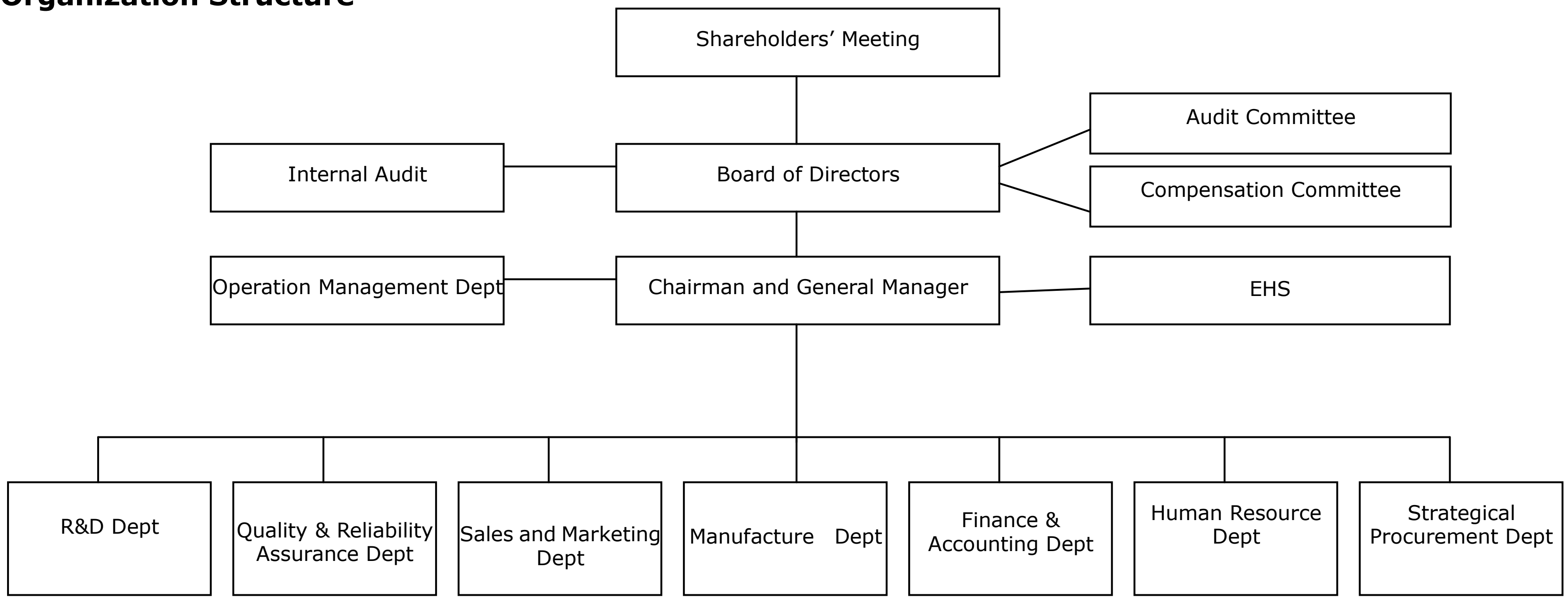
According to the Group's development strategy, Catcher set up VITO Technology (Suqian) Co., Ltd . and Topo Technology (Taizhou) Co. Ltd. which were approved by the Investment Commission.

2013 Consolidated sales revenue was 43.2billion, and net profit was 13.8billion. Both of the sales revenue and net profit in 2013 hit the historical high.

Three、Corporate Governance Report

1. Corporate Organization

(1) Corporate Organization Structure



(2) Organization Functions:

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

2. Information Regarding Directors, Supervisors and Management Team

(1) Directors' and Supervisors' Information

2014/04/14; Unit: share

Title	Name	Date Elected	Term (Yr)	Shareholding when Elected		Present Shareholding		Spouse& Minor Shareholding		Specific Person Shareholding		Education& Experience	Also Serves Concurrently as	Other Directors &Supervisors being spouse or immediate relation with Directors & Supervisors		
				Common Share	%	Common Share	%	Common Share	%	Commo n Share	%			Title	Name	Relation-ship
Director	Allen Hung	2013.06.13	3	10,704,834	1.43%	10,704,834	1.42%	19,511,713	2.59%	-	-	Medical School / National Taiwan University Chairman of Catcher	Chairman & General Manager of Catcher Chairman & Director representative of Catcher's subsidiaries Chairman of Kai-Yi Investment Co., Ltd Chairman & Director Representative of Epileds Tech., Inc. Chairman & Director representative of Yi Kang Heath management Co., Ltd	Director	Tien-Szu Hung Shui-Sung Hung	Brothers
Director	Tien-Szu Hung	2013.06.13	3	10,661,889	1.42%	10,661,889	1.42%	17,369,744	2.31%	-	-	Chairman of Chia-Wei Investment Co., Ltd.	Chairman of Chia-Wei Investment Co., Ltd. Direcor Representative of Catcher's subsidiaries General Manager of Catcher's China subsidiaries	Director	Allen Hung, Shiu-Sung Hung	Brothers
Director	Shui-Sung Hung	2013.06.13	3	10,278,970	1.37%	10,278,970	1.37%	6,901	0%	-	-	Chairman of De-Neng Investment Co., Ltd.	Chairman of De-Neng Investment Co., Ltd.	Director	Allen Hung, Tien-Szu Hung	Brothers
Director	Ming-Long Wang	2013.06.13	3	-	0%	-	0%	-	0%	-	-	Finance P.H.D. University of New York City Professor of department of Accounting and Finance in National Cheng Kung University	Independent Director and Compensation Committee Member of Chinesegamer International Corp. Independent Director and Compensation Committee Member of Bothhand Enterprise Inc. Director and Compensation Committee Member of Catcher Technology Compensation Committee Member of Hanpin Electron Co., Ltd Compensation Committee Member of Ton Yi Industrial Corp. Compensation Committee Member of Chia Her Industrial Co., Ltd Compensation Committee Member of I-Hwa Industrial Co., Ltd Compensation Committee Member of Kuei Meng International Inc.	–	–	–
Independent Director	I-Shiung Chuang	2013.06.13	3	-	0%	-	0%	-	0%	-	-	Partner of Da Hwa CPAs Firm Professor and Associate Professor of Chang Jung Christian University	Partner of Da Hwa CPAs Firm	–	–	–
Independent Director	Lih-Chyun Shu	2013.06.13	3	-	0%	-	0%	1,000	0%	-	-	Associate Professor of National Cheng Kung University Associate Professor of Chang Jung Christian University	Professor of department of Accounting in National Cheng Kung University Dean of College of Information and Engineering in Chang Jung Christian University	–	–	–
Independent Director	Mon-Huan Lei	2013.06.13	3	-	0%	-	0%	-	0%	-	-	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	–	–	–

Directors' and Supervisors' Professional Knowledge and Independence Information

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

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

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

(2) Managers' Information

2014/04/14; unit: shares

Title	Name	Date Elected	Present Shareholding		Spouse& Minor Shareholding		Specific Person Shareholding		Education& Experience	Also Serves Concurrently as	Other Directors & Supervisors being spouse or immediate relation with Directors & Supervisors		
			Shares	%	Shares	%	Shares	%			Title	Name	Relationship
General Manager	Allen Hung	1988.02.02	10,704,834	1.42%	19,511,713	2.59%	-	-	Chairman of Catcher Medical School / National Taiwan University	Chairman & General Manager of Catcher Chairman & Director representative of Catcher's subsidiaries Director &Chairman of Kai-Yi Investment Co., Ltd Chairman & Director Representative of Epileds Tech., Inc. Director representative of Yi Kang Heath management Co., Ltd	—	—	—
Vice President	Kenny Chien	2010.01.01	110	0.00%	0	0.00%	-	-	EMBA/Fudan University Assistant general manager / Dell Inc., Taiwan	Director representative of SIN-HER Technology Co., Ltd	—	—	—
Vice President	James Wu	2010.03.01	0	0.00%	0	0.00%	-	-	MBA / Michigan State University Vice President of Finance and Accounting Division / Chunghwa Picture Tubes, Ltd	Director representative of SIN-HER Technology Co., Ltd Supervisor representative of Kongcheng Precision Co., Ltd. Supervisor representative of Yi Kang Heath management Co., Ltd Director representative of CHAOHU YUNHAI MAGNESIUM INDUSTRY CO LTD,	—	—	—
Vice President	Michael Yeh	2010.01.05	40,540	0.00%	0	0.00%	-	-	Electrical Engineering Department / Nan-Tai University Vice President / Catcher Technology (Suzhou) Co., Ltd.	Director representative of LEO Co. Ltd	—	—	—
Assistant Vice President	Frank Lee	2010.02.01	0	0.00%	0	0.00%	-	-	Scientific PHD / Ching Hua University R&D manager / Catcher Technology Co., Ltd.		—	—	—
Assistant Vice President	Brian Lee	2010.02.01	0	0.00%	31,985	0.00%	-	-	Mechanism / National Taipei University of Technology Manager/ Catcher Technology (Suzhou) Co. Ltd.		AVP	Irene Lin	Spouse
Assistant Vice President	Irene Lin	2012.01.01	31,985	0.00%	0	0.00%	-	-	St. Cloud State MBA Specialist / Universal Scientific Industrial Co., Ltd.	Supervisor representative of I-catcher Optoelectronics Co. Supervisor representative of Amity Capital Inc. Director representative of Kongcheng precision Co., Ltd.	AVP	Brian Lee	Spouse

Assistant Vice President	Amy Chen	2012.01.01	112,234	0.00%	0	0.00%	-	-	EMBA / Nan-Tai University	Director representative of I-catcher Optoelectronics Co.Director representative of Epileds Tech., Inc. Director representative of Amity Capital Inc.. Director representative of Cygnus International Co., Ltd Director representative of Lyra International Co., Ltd Director representative of Uranus International Co., Ltd Director representative of Cepheus International Co., Ltd Director representative of Sagitta International Co., Ltd			

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

2013/12/31;Unit: thousand NTD

Title	Name	Remuneration to directors								Total A,B,C, D as % of EAIT		Employment-related Remuneration												Total A,B,C,D,E,F,G as % of EAIT		Remuneration received by investing business other than company subsidiaries
		Remuneration (A)		Retirement pension (B)		Remuneration from distributed earning(C) (Note 1)		Business implementation expenses (D)				Salary, bonuses and special expenses (E)		Retirement pension (F)		Employee bonus from distributed earnings (g)				Amount of Employee Share Options Received (h)		Granted Employee Restricted Stock (i)				
																Catcher		All consolidated entities								
		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Cash dividends	Stock dividends	Cash dividends	Stock dividends	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	
Chairman	Allen Hung	830	830	0	0	8,801	8,801	450	450	0.07%	0.07%	4,172	7,442	0	0	7,338	-	176,403	-	0	0	0	0	0.16 %	1.41%	None
Director	Tien-Szu Hung																									
Director	Shui-Sung Hung																									
Director	Ming-Long Wang																									
Independent Director	I-Shiung Chuang																									
Independent Director	Lih-Chyun Shu																									
Independent Director	Mon-Huan Lei																									

Note1: Distributed earnings of 2013 have not been approved by shareholders' meeting as at printing date. Thus employee bonus was calculated proportionally based on the actual distribution of last year.

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

Levels of Amounts of Compensation

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

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

B. Managers' Compensation

2013/12/31; Unit: thousand NTD

Title	Name	Salary (A)		Retirement (B)		Bonus and special expense (C)		Employee bonus from distributed earnings (D) (Note 1)				Total A,B,C,D as % of EAIT		Amount of employee stock options received		Granted Employee Restricted Stock (i)		Remuneration received by investing business other than company subsidiaries
								Catcher		All consolidated entities								
		Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	Cash dividends	Stock dividends	Cash dividends	Stock dividends	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated entities	
Chairman	Allen Hung	10,994	14,013	445	445	1,861	2,113	12,873	-	204,625	-	0.19%	1.60%	-	-	-	-	None
Vice President	Kenny Chien																	
Vice President	James Wu																	
Vice President	Michael Yeh																	
GM	Tien-Szu Hung																	

Note1: Distributed earnings of 2013 have not been approved by shareholders' meeting as at printing date, thus employee bonus were calculated proportionally based on the actual distribution of last year.

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

Levels of Amounts of Compensation

Remuneration Range for General Manager and Vice Presidents	Name of GMs and Vice Presidents	
	Catcher	All consolidated entities
< NTD 2,000,000		
NTD 2,000,000(included)～5,000,000(excluded)	Michael Yeh/James Wu	Michael Yeh/James Wu
NTD 5,000,000(included)～10,000,000(excluded)	Kenny Chien	
NTD 10,000,000(included)～15,000,000(excluded)	Allen Hung	Kenny Chien
NTD 15,000,000(included)～30,000,000(excluded)		
NTD 30,000,000(included)～50,000,000(excluded)		
NTD 50,000,000(included)～100,000,000(excluded)		Allen Hung/Tien-Szu Hung
NTD 100,000,000 or more		
Total		

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

D. Managers' Bonus

2013/12/31; Unit: thousand NTD

	Title	Name	Stock dividends bonus Market value (Note 1)	Cash dividends bonus	Total	% of income after tax
Managers	Chairman	Allen Hung	0	18,442	18,442	0.13%
	Vice President	Kenny Chien				
	Vice President	James Wu				
	Vice President	Michael Yeh				
	Assitant Vice President	Frank Lee				
	Assitant Vice President	Brian Lee				
	Assitant Vice President	Amy Chen				
	Assitant Vice President	Irene Lin				

Note1: Distributed earnings of 2012 have not yet been approved by shareholders' meeting as at printing date, thus employee bonus were calculated proportionally based on the actual distribution of last year.

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

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

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

Item / Title	% of income after tax				% of increase (decrease)	
	2013		2012			
	Catcher	All consolidated entities	Catcher	All consolidated entities	Catcher	All consolidated
Director	0.3%	1.7%	0.4%	1.1%	- 0.1%	0.6%
Supervisor						
General Manager & Vice Presidents						

Note: Distributed earnings of 2013 have not been approved by shareholders' meeting as at printing date, thus employee bonus were calculated proportionally based on the actual distribution of last year.

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

3. Corporate Governance Status

(1)Information of Board Meeting Operation

Number of meetings__6__(A), attendance of each director is listed as follows：

Title	Name	Attendance (B)	Proxy Attendance	Attendance rate (%) (B)/(A)	Remarks
Director Representative	Kai-Yi Investment Co., Ltd.: Allen Hung	1	0	16.67	Dismissed on 2013/06/13
Director Representative	Kai-Yi Investment Co., Ltd.: Michael Yeh	1	0	16.67	Dismissed on 2013/06/13
Director	William Yang	1	0	16.67	Dismissed on 2013/06/13
Director	Tsorng-Juu Liang	1	0	16.67	Dismissed on 2013/06/13
Director	Ming-Long Wang	6	0	100	Re-elected on 2013/06/13
Chairman	Allen Hung	5	0	83.33	Elected on 2013/06/13
Director	Shui-Sung Hung	5	0	83.33	Elected on 2013/06/13
Director	Tien-Szu Hung	3	1	50	Elected on 2013/06/13
Independent Director	I-Shiung Chuang	4	0	66.67	Elected on 2013/06/13
Independent Director	Lih-Chyun Shu	4	1	66.67	Elected on 2013/06/13
Independent Director	Mon-Huan Lei	2	1	33.33	Elected on 2013/06/13

Annotations:
1. There were no written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion in 2013.
2. There were no recusals of Directors due to conflicts of interests in 2013.
3. Measures taken to strengthen the functionality of the Board: We believe that the basis for successful corporate governance is a sound and effective Board of Directors. In line with this principle, Catcher's Board of Directors has established an Audit Committee and a Compensation Committee to assist the Board in carrying out its various duties.

(2)Information Regarding Audit Committee or Supervisors' Operation

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

Number of meetings__3__(A), attendance of Audit Committee is listed as follows

Title	Name	No. of times attended in person (B)	No. of times attended by proxy	Attendance rate (%) (B)/(A)	Remark
Independent Director	I-Shiung Chuang	3	0	100	Elected on 2013/06/13
Independent Director	Lih-Chyun Shu	3	0	100	Elected on 2013/06/13
Independent Director	Mon-Huan Lei	1	2	33.33	Elected on 2013/06/13
	The responsibilities and organization of audit committee: 1.Communication channel between audit committee and the Company's employees and shareholders: In addition to Board and Shareholders' meetings, the audit committee may individually investigate the business and financial conditions of the Company at any time. 2.Communication channel between audit committee and the Company's internal audit manager and independent accountant: At any time, the audit committee may communicate with the Company's internal audit manager and independent accountant.				

B. The state of supervisors' participation to the board meetings

Number of meetings 6 (A), attendance of Audit Committee is listed as follows

Title	Name	No. of times attended in person (B)	Attendance rate (%) (B)/(A)	Remark
Supervisor	Janice Lin	1	16.67	Dismissed on 2013/06/13
Supervisor	Wen-Chieh Huang	1	16.67	Dismissed on 2013/06/13
Supervisor	Jiunn-Rong Chen	1	16.67	Dismissed on 2013/06/13
The responsibilities and organization of a supervisor: 1.Communication channel between a supervisor and the Company's employees and shareholders: In addition to Board and Shareholders' meetings, the supervisor may individually investigate the business and financial conditions of the Company at any time. 2.Communication channel between a supervisor and the Company's internal audit manager and independent accountant: At any time, the supervisor may communicate with the Company's internal audit manager and independent accountant.				

(3) Corporate Governance Practices

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
1. Corporate Shareholder Structure and Shareholders' rights (1) How the Company handles shareholders' recommendations or disputes: (2) How the Company regularly monitors the list of key shareholders who have management control of the Company, or those who have ultimate control of key shareholders: (3) How the Company establishes proper risk control mechanisms and firewalls between the Company and its affiliated enterprises:	The Company has designated the spokesman / deputy spokesman/ IR and specific persons to handle shareholders' recommendations or issues The Company keeps close relationship with key shareholders, who have management control of the Company, or those who have ultimate control of this company. IRO or shareholders' Stock affair specialists were appointed to follow up the change of shareholding status. Catcher has set up an "Affiliated Management Policy" which rules risk control mechanisms and firewalls between the Company and its affiliated.	No specific difference No specific difference No specific difference
2. Structure and Responsibilities of the Board: (1) Independent directors on the Company's Board (2) How the Company periodically evaluates the independence of its auditors	Three independent directors has been elected. The Company's has periodically evaluated the independence of its auditors	No specific difference No specific difference
3. The Communication channel for its Stakeholders	The Company has designed specific personnel and established an email address to handle stakeholders' concerns.	No specific difference
4. Information disclosure (1) How the Company establishes a website to disclose financial and corporate governance information: (2) Other channels for the disclosure of the Company's information:	Catcher's website: http://www.catcher-group.com. The Company regularly publishes up-to-date detailed financial information on its website. Catcher has designated spokesman and deputy spokesman as required by regulations. Also, the Company designated IR & specific personal to collect and disclose information about the Company on the MOPS.	No specific difference No specific difference
5.The operation of functional committee work within the Board of Directors of the Company	Catcher has established the Compensation Committee and Audit Committee.	Catcher will establish related functional committee according to the Article of

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
		Memorandum
6. The comparison between the Company's corporate governance mechanism and the recognized corporate governance principles: (1) The Company sets up three independent board directors which also form the Audit Committee, and focuses on enhancing corporate governance and actively strengthening the authority of the Board, respecting the rights of related parties, and improving corporate transparency to protect shareholders' interest. (2) The Company set up internal control policy and internal auditors perform according to the policy. Internal audits also exercise the audit periodically. (3) In conclusion, the Company complies with relative laws and regulations to elaborate the spirits of corporate governance mechanism.		
7. Other information disclosures: (1) Catcher commits itself to uphold the welfare of its employees complying with relevant regulations. (2) Catcher has appointed spokesman / deputy spokesman/ IRO to maintain fair relationship with our investors (3) We value our suppliers and stakeholders as our assets and maintain a well relationship. (4) Stakeholders' protection: All stakeholders can have a smooth communication channel with the Company to secure their rights. (5) The status of the Company to establish trainning programs for its board members and Supervisors: The board members and supervisors all have industrial and professional knowledge. Besides, Catcher provides trainning programs to directors and supervisors. They also attend related programs by their desires. (6) Status of the Company to establish a risk management policy and standards for evaluating risk and implementing its risk management policy: The Company holds board meeting at least once per quarter, and the board evaluates the Company's business operation and risk management status periodically. (7) Status of liability insurance of the Company's board members and supervisors: Catcher has purchased the D&O insurance for its board members.		
8. The result, material deficiency (or suggestion) and improvement of corporate governance assessed by internal audit or professional institutions: None		

(4) Composition, Responsibilities and Operations of Compensation Committee

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

Number of meetings__2__(A), attendance of Compensation Committee is listed as follows

Title	Name	No. of times attended in person (B)	No. of times attended by proxy	Attendance rate (%) (B)/(A)	Remark

Convenor	Lih-Chyun Shu	1	0	50	Elected on 2013/07/31
Member	Mon-Huan Lei	0	2	0	Re-elected on 2013/07/31
Member	I-Shiung Chuang	1	0	50	Elected on 2013/07/31
Convenor	Tsung-Cheng Kuo	1	0	50	Dismissed on 2013/06/13
Member	Ming-Long Wang	1	0	50	Dismissed on 2013/06/13

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

A. Based on the idea of environment protection, Catcher not only continues in promoting and producing environmental production processes and products, but also establishes managerial approaches in recycling disposals and preventing pollutions. Catcher also focuses on the employees' education of occupation safety and environment protection. Nowadays, Catcher has been honored with ISO9000 and carried out ISO14001 and OHSAS 18001(TOSHMS) as well.

B. Since established, Catcher keeps doing its best on society responsibilities. As a result, Catcher established a foundation to participate the social contribution and service providing scholarship to students and funds to health care organizations.

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

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

Taiwan Corporate Conduct and Ethics Implementation as Required by the Taiwan Financial Supervisory Commission

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures: (1) The company's guidelines on corporate conduct and ethics are provided in internal policies and disclosed publicly. The Board of	The company has guidelines on corporate conduct and	No specific difference

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
Directors and the management team demonstrate their commitments to implement the policies. (2) The company establishes relevant policies for preventing any unethical conduct. The implementation of the relevant procedures, guidelines and training mechanism are provided in the policies. (3) The company establishes appropriate measures for preventing bribery and illegal political contribution for higher potential unethical conduct in the relevant policies.	ethics which are provided in internal policies and disclosed publicly. The company establishes relevant policies for preventing any unethical conduct and has the Quarterly meeting. The implementation of the relevant procedures, guidelines and training mechanism are provided in the policies and ask all the employees, suppliers to follow the rules. The company establishes appropriate measures and internal control statement for preventing bribery and illegal political contribution for higher potential unethical conduct in the relevant policies.	
2. Corporate Conduct and Ethics Compliance Practice (1) The company shall prevent doing business with whom has unethical records and include business conduct and ethics related clauses in the business contracts. (2) The company sets up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics. The board of directors supervises such execution and compliance of the policies. (3) The company establishes policies to prevent conflict of interest and provides appropriate communication and complaint channels. (4) The company establishes effective accounting and internal control systems for the implementation of policies, and the internal auditors audit such execution and compliance.	The company shall terminate the business contracts if suppliers do not follow the business conduct and ethics related clause. The company has not yet set up dedicated unit in charge of promotion and execution of the company's corporate conduct and ethics. However, each department all follows the related policy to implement these rules. The company establishes policies to prevent conflict of interest and provides appropriate communication and complaint channels for employees. The company establishes effective accounting and internal control systems for the implementation of policies, and the internal auditors audit such execution and compliance.	No specific difference
3. The company establishes the channels for reporting any ethical irregularities and sets up punishment for violations of the policies.	The company has established internal and external online "hotline" that any employee or relevant person may use to report any ethical irregularities to be investigated by designated senior management of Catcher.	No specific difference

Items	Current Status	The Reasons for the differences between the Company's governance and recognized corporate governance
4. Information Disclosure (1) To set up a corporate website that publishes information relating to company' s corporate conduct and ethics. (2) Other information disclosure channels (e.g. maintaining an English website, designating personnel to handle information collection and disclosure)	Our intranet website posts various guidelines and informative articles on ethics and honorable business conduct for employees' reference The Company discloses the relevant information in its' Annual Report and make announcement of Catcher's guidelines on external Website (www.catcher-group.com in both Chinese and English)	No specific difference
5. If the company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancy between the policies and their implementation: None.		
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., promote and demonstrate the company's commitment to ethical standard and provide training to its business partners; review the company's corporate conduct and ethics policy). The Company has the related regulation to make sure the company's corporate conduct and ethics policy.		

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

None.

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

The Company holds board meeting at least once per quarter, and set up the Audit Committee and the Compensation Committee . If necessary, the Company will set up any committee to improve corporat governance.

(9) Status of Internal Control:

A. Statement of Internal Control:

Catcher Technology Co., Ltd.
Statement of Internal Control

2014/02/06

The internal control self-assessment of Catcher Technology Co., Ltd. was conducted for the year ended December 31, 2013 based on the Company's internal control system. The results are described as following:

1. Catcher Technology Co., Ltd. acknowledges that the board of directors and the management are responsible for establishing, executing and maintaining an effective internal control system, which has been already set up. The purposes of the internal control system are to provide a reasonable assurance of achieving the goals of efficiency and effectiveness of the operations, such as profitability, performance and the safeguard of the assets, the reliability of the financial reports and the compliance with the applicable laws and regulations.
2. No matter how perfectly designed, the internal control system has its inherent limitations, and it can only provide reasonable assurance of achieving the three goals mentioned above. The effectiveness of the internal control system may subject to changes of environment and circumstances. Catcher has established an internal control system with self-monitoring capabilities, which can undertake corrective actions whenever a deficiency is identified.
3. Catcher evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the governing the establishment of internal control system by public companies promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission. The criteria adopted by the Regulations identify five components of internal control based on the process of management control: (1) Control Environment, (2) Risk assessment (3) control activities, (4) Information and Communication, and (5) Monitoring. Each component consists of certain items, which could be referred to the Standards.
4. Catcher Technology Co., Ltd. has evaluated the design and effectiveness of its internal control system according to the aforementioned criteria.
5. Catcher Technology Co., Ltd. believes that the effectiveness of the design and execution of the internal control system (including its subsidiaries) during the above mentioned assessment period provides reasonable assurance of achieving the goals of the efficiency and effectiveness of operations, the reliability of financial reports and the compliance with applicable laws and regulations.
6. The Statement of Internal Control will be an integral part of Catcher Technology Co., Ltd. annual report and prospectus and will be made public. Any false statement, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. The statement has been passed by the Board of Directors in the meeting held on February 6th, 2014, with none of the six attending directors expressing dissenting opinions on the content of the Statement.

Catcher Technology Co., Ltd.

Chairman and GM：Allen Hung

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

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

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

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

(11) Important Resolutions of Shareholders' and Board Meetings

A. Shareholders' Meeting

Date	Title	Agenda	Resolution
2013.06.13	2013 Annual shareholders' meeting	● To raise funds through issuing new shares, CB or ECB (BOD proposed) ● To amend the Company's Articles of Incorporation. (BOD proposed) ● To amend the Company's Rules for Director and Supervisor Elections. (BOD proposed) ● To amend "Rules Governing the Conduct of Shareholders' Meeting"(BOD proposed) ● To amend "Aquisition or Disposal of Assets Procedure"(BOD proposed) ● To amend "Lending of Capital Procedure" (BOD proposed) ● To amend "Endorsement and Guarantee Procedure" (BOD proposed) ● To re-elect the Company's directors and supervisors (BOD proposed). ● To release the non-competition restrictions of Catcher's directors who engaged in peer business in competition to the Company. (BOD proposed)	All discussion items were unanimously agreed upon the resolutions by all attending shareholders

B. Board Meetings

Date	Agenda	Resolution
2013.04.26	● To approve 2012 earnings distribution ● To approve the shareholder's proposal for 2013 regular shareholders' meeting. ● To discuss the plan of issuing new shares or CBs/ECBs for raising working capital. ● To audit the independent directors' elections ● To discuss the re-elections of directors ● To release the non-competition restrictions of Catcher's directors who engaged in peer business in competition to the Company ● To discuss the changes of the Company's finance and accounting officer ● To discuss the agenda of 2013 regular shareholders' meeting.	All attending directors unanimously agreed, no other special proposals were proposed.
2013.06.13	● To elect the Company's Chairman.	All attending directors unanimously agreed, no other special proposals were proposed
2013.07.31	● To discuss the record date for cash dividend. ● To discuss the record date and to adjust the conversion price for the domestic CBs ● To assign the members of the Compensation Committee	All attending directors unanimously elected Allen Hung as chairman.
2013.11.01	● To discuss 2014 annual business plan	All attending directors

	● To discuss 2014 annual audit plan for Catcher and its subsidiaries. ● To review policy governing the directors and managers' performance evaluation and compensation and directors and mangers' monthly salary and bonus plan ● To amend the Company's "Articles of Compensation Committee" ● To approve the proposal for distribution of cash bonus/ dividends to managers and employee. ● To approve the proposal for distribution of bonus to directors and supervisors. ● To approve the distribution of bonus to the independent directors. ● To approve the distribution of bonus to the Compensation Committee.	unanimously agreed, no other special proposals were proposed.
2013.12.25	● To discuss the plan of raising investment amount in Catcher Technology (Suqian) Co., Ltd in response to the overseas expansion plan	All attending directors unanimously agreed, no other special proposals were proposed.
2014.02.06	● To approve 2013 the Company's Financial Statements. ● To approve 2013 Business Report ● To approve the proposal for distribution of subsidiaries' retained earnings ● To approve 2013 Statement of Internal Control. ● To approve the Company's "Acquisition or Disposal of Assets Procedure" ● To discuss the donations to Catcher Education Foundation ● To approve 2014 regular shareholders' meeting date, place, and agenda.	All attending directors unanimously agreed, no other special proposals were proposed.

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

None.

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

Title	Name	Date of Election	Date of dismissal	Reason
Vice President of Finance	James Wu	2010/03/01	2013/04/26	Organization adjustment: James Wu will serve as Chief Investment Officer and Spokesman

4. Information on Audit Fees

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

Units: thousand NTD

Name of the accounting Firm	Name of the accountant	Audit period	Note
Deloitte & Touche	Hung Ju Liao, Chi Chen Lee	2013	-

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

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

Not Applicable.

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

Not Applicable.

5. The company dos not replace its certified public accountant within the last two fiscal years or any subsequent interim period.

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

None.

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

(1) Change in Equity Interest

Unit: share

Title	Name	2013		As at 2014/03/31	
		Change in Equity Interest	Pledge in Equity Interest	Change in Equity Interest	Pledge in Equity Interest
Chairman	Allen Hung	10,000,000	0	0	0
Director	Tien-Szu Hung	0	0	0	0
Director	Shui-Sung Hung	0	0	0	0
Director	Ming-Long Wang	0	0	0	0
Independent Director	Mon-Huan Lei	0	0	0	0
Independent Director	I-Shiung Chuang	0	0	0	0
Independent Director	Lih-Chyun Shu	0	0	0	0
Vice President	Kenny Chien	0	0	0	0
Vice President	James Wu	0	0	0	0
Vice President	Michael Yeh	-15,000	0	-20,000	0
Assistant Vice President	Brian Lee	0	0	0	0
Assistant Vice President	Irene Lin	0	0	0	0
Assistant Vice President	Frank Lee	0	0	-5,000	0
Assistant Vice President	Amy Chen	0	0	-10,000	0

(2) Information on Transfer of Equity Interest

None.

(3) Information on Pledge of Equity Interest

None.

8.Information Disclosing the Relationship Between any of the Company’s Top Ten Shareholders. (Under ROC SFAS No. 6)

2014/04/14

<table>
<tr><th rowspan="2">Name</th><th colspan="2">Personal Shareholding</th><th colspan="2">Shareholdings of spouse/minor children</th><th colspan="2">Total shareholdings held under other names</th><th colspan="2">Related parties defined under the statement of financial accounting standards No. 6 of top 10 largest shareholders’</th><th rowspan="2">Remark</th></tr>
<tr><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Shares</th><th>%</th><th>Name</th><th>Relationship</th></tr>
<tr><td rowspan="2">Kai-Yi Investment Co., Ltd. Delegate: Allen Hung</td><td>32,208,869</td><td>4.3%</td><td>-</td><td>-</td><td>-</td><td>-</td><td rowspan="2">Janice Lin/Tien-Szu Hung/Sui-Mei Kuo</td><td rowspan="2">Spouse/Second-degree relatives/Second-degree relatives</td><td rowspan="2"></td></tr>
<tr><td>10,704,834</td><td>1.4%</td><td>19,511,713</td><td>2.6%</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Jia-Wei Investment Co., Ltd. Delegate: Tien-Szu Hung</td><td>25,743,885</td><td>3.4%</td><td>-</td><td>-</td><td>-</td><td>-</td><td rowspan="2">Sui-Mei Kuo/Allen Hung/Janice Lin</td><td rowspan="2">Spouse/Second-degree relatives/Second-degree relatives</td><td rowspan="2"></td></tr>
<tr><td>10,661,889</td><td>1.4%</td><td>17,369,744</td><td>2.3%</td><td>-</td><td>-</td></tr>
<tr><td>JP Morgan Chase as directed trustee for Fürstentum Liechtenstein (Singapore) account</td><td>19,578,200</td><td>2.6%</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td><td></td><td></td></tr>
<tr><td>Janice Lin</td><td>18,409,961</td><td>2.4%</td><td>11,806,586</td><td>1.6%</td><td>-</td><td>-</td><td>Allen Hung/Tien-Szu Hung/Sui-Mei Kuo</td><td></td><td></td></tr>
<tr><td>New Labor Pension Fund</td><td>16,785,000</td><td>2.2%</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td><td></td><td></td></tr>
<tr><td>Cathay Life Insurance Co., Ltd</td><td>16,246,000</td><td>2.2%</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td></tr>
<tr><td>JP Morgan Chase as directed trustee for Saudi Arabian Monetary Agency</td><td>15,832,000</td><td>2.1%</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td><td></td><td></td></tr>
<tr><td>Old Labor Pension Fund</td><td>15,816,000</td><td>2.1%</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td><td></td></tr>
<tr><td>Sui-Mei Kuo</td><td>15,364,013</td><td>2.0%</td><td>12,667,620</td><td>1.7%</td><td></td><td></td><td>Tien-Szu Hung/Allen Hung/Janice Lin</td><td>Spouse/Second-degree relatives/Second-degree relatives</td><td></td></tr>
<tr><td>Citi as directed trustee Government of Singapore Investment Corporation</td><td>13,018,211</td><td>1.7%</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
</table>

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

9. Total Percentage of Ownership of Investees

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

Four、Capital and Shares

1. Capital and Shares

(1) Source of Capital

A. Type of Shares

Unit: in thousand shares
2014/03/31

Type of shares	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Registered Common Shares	751,663	248,337	1,000,000	

B. Historical Information of Capitalization

Unit: in thousand NTD/shares

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

2002.10	—	210,000	2,100,000	133,738.3	1,337,383	Increase capital on retained earnings and capital reserve NT$316,887K(Including employee bonus NT$ 10,738K)	None	Note 9
2003.09	—	210,000	2,100,000	155,099.0	1,550,990	Increase capital on retained earnings and capital reserve NT$213,607K (Including employee bonus NT$ 13,000K)	None	Note 10
2004.09	—	270,000	2,700,000	187,658.8	1,876,588	Increase capital from retained earnings NT$325,598K(Including employee bonus NT$15,400K)	None	Note 11
2005.03	—	270,000	2,700,000	188,146.9	1,881,469	Capital from ECB conversion NT$4,881K	None	Note 12
2005.07	—	270,000	2,700,000	199,763.6	1,997,636	Capitalization in ECB conversion NT$116,167K	None	Note 13
2005.09	—	570,000	5,700,000	282,161.6	2,821,616	Increase capital from retained earnings NT$782,328 K (Including employee bonus NT$ 29,740 K) Capitalization in ECB conversion NT$41,652K	None	Note 14
2006.02	—	570,000	5,700,000	283,723.7	2,837,237	Capitalization in ECB conversion NT$ 15,621K	None	Note 15
2006.04	—	570,000	5,700,000	293,644.4	2,936,444	Capitalization in ECB conversion NT$ 99,208K	None	Note 16
2006.07	—	570,000	5,700,000	294,603.6	2,946,036	Capitalization in ECB conversion NT$ 9,591K	None	Note 17
2006.09	—	570,000	5,700,000	414,076.5	4,140,765	Increase capital from retained earnings NT$1,194,729 K (Including employee bonus NT$ 25,000 K)	None	Note 18
2006.11	—	570,000	5,700,000	414,136.4	4,141,364	Capitalization in ECB conversion NT$ 599K	None	Note 19
2007.03	—	570,000	5,700,000	414,147.5	4,141,475	Capitalization in ECB conversion NT$ 110K	None	Note 20
2007.10	—	1,000,000	10,000,000	541,591.6	5,415,917	Increase capital from retained earnings NT$1,274,442 K (Including employee bonus NT$ 32,000 K)	None	Note 21
2008.11	—	1,000,000	10,000,000	599,715.9	5,997,159	Increase capital from retained earnings NT$581,242 K (Including employee bonus NT$ 39,650 K)	None	Note 22
2009.9	—	1,000,000	10,000,000	664,908.5	6,649,085	Increase capital from retained earnings NT$651,926K (Including employee bonus NT$ 52,210K)	None	Note 23
2011.5	—	1,000,000	10,000,000	675,175.1	6,751,751	Capitalization from Domestic 1st CB conversion NT$ 102,666K	None	Note 24
2011.6	—	1,000,000	10,000,000	723,795.8	7,237,958	Capitalization from Domestic 1st CB conversion NT$ 151,206K & GDR NT$ 335,000K	None	Note 25
2011.10	—	1,000,000	10,000,000	750,443.7	7,504,337	Capitalization from Domestic CB conversion NT$ 225,152K and capitalization from Domestic CB conversion NT$ 41,227K	None	Note 26

2012.2	—	1,000,000	10,000,000	750,639.4	7,506,394	Capitalization from Domestic CB conversion NT$ 2,057K	None	Note 27
2012.4	—	1,000,000	10,000,000	750,691.4	7,506,914	Capitalization in Domestic CB conversion NT$ 519K	None	Note 28
2012.5	—	1,000,000	10,000,000	750,699.2	7,506,992	Capitalization in Domestic CB conversion NT$ 78K	None	Note 29
2012.8	—	1,000,000	10,000,000	750,703.1	7,507,031	Capitalization in Domestic CB conversion NT$ 39K	None	Note 30
2014.3	—	1,000,000	10,000,000	751,662.8	7,516,628	Capitalization in Domestic CB conversion NT$9,597K	None	Note 31

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

C. Information of Shelf Registration System: None

(2) Status of Shareholders

Par Value: NT$10 per share: 2014/04/14

Structure / Number	Government Agencies	Financial Institutions	Other Domestic Institutions	Domestic Individuals	Foreign Institutions& Individuals	Total
Numbers of Shareholders	1	25	279	30,363	1013	31,681
Shareholding (Shares)	1,000	34,447,315	146,916,645	179,689,351	390,998,820	752,053,131
Holding Percentage (%)	0.00%	4.58%	19.54%	23.89%	51.99%	100%

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

(3) Distribution of Common Shares

A. Common Stock

Par Value: NT$10; 2014/04/14

Class of Shareholding	Number of Shareholders	Shareholding (shares)	Holding Percentage%
1-999	8,533	2,039,542	0.27%
1,000-5,000	18,794	34,611,768	4.60%
5,001-10,000	1,822	14,153,012	1.88%
10,001-15,000	605	7,624,542	1.01%
15,001-20,000	382	6,957,296	0.92%
20,001-30,000	305	7,735,550	1.03%
30,001-40,000	184	6,507,777	0.87%
40,001-50,000	106	4,871,223	0.65%
50,001-100,000	295	21,855,603	2.91%
100,001-200,000	213	30,271,665	4.02%
200,001-400,000	170	48,396,807	6.43%
400,001-600,000	78	38,179,462	5.08%
600,001-800,000	52	36,530,412	4.86%
800,001-1,000,000	28	24,425,051	3.25%
Above 1,000,001	114	467,893,421	62.22%
Total	31,681	752,053,131	100.00%

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

B. Preferred Stock

None.

(4) List of Major Shareholders

Units: shares, 2014/04/14

Shares / Shareholder's Name	Common Shares	(%) of Shareholding
Kai-Yi Investment Co., Ltd.	32,208,869	4.3%
Jia-Wei Investment Co., Ltd.	25,743,885	3.4%
JP Morgan Chase as directed trustee for Fürstentum Liechtenstein (Singapore) account	19,578,200	2.6%
Janice Lin	18,409,961	2.4%
New Labor Pension Fund	16,785,000	2.2%
Cathay Life Insurance Co., Ltd	16,246,000	2.2%
JP Morgan Chase as directed trustee for Saudi Arabian Monetary Agency	15,832,000	2.1%
Old Labor Pension Fund	15,816,000	2.1%
Sui Mei Kuo	15,364,013	2.0%
Citi as directed trustee Government of Singapore Investment Corporation	13,018,211	1.7%

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

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

Unit: in thousand NTD/shares

Item		Year	2012	2013	As of 2014/03/31
Market Price per Share	Before retroactive adjustment	Highest	237.00	**201.00**	**229.00**
		Lowest	117.50	**123.00**	**188.50**
	After retroactive adjustment	Highest	237.00	**201.00**	–
		Lowest	117.50	**123.00**	–
	Average		170.14	**151.45**	**213.05**
Net Worth per Share	Before Distribution		81.30	**97.92**	(Note 1)
	After Distribution		75.30	–	(Note 1)
	Note: distributed based on the outstanding shares at the end of the year, and was approved by shareholders' meeting				
Earnings per Share	Before retroactive adjustment	Weighted average shares	750,694	**750,703**	(Note 1)
		Earnings per shares	14.51	**18.38**	(Note 1)
	After retroactive adjustment	Weighted average shares	750,694	(Note 1)	(Note 1)
		Earnings per shares	14.51	(Note 1)	(Note 1)
	Note: If there is any stock dividend distribution which should be traced back to adjustment the EPS, the pre-adjusted and adjusted EPS will be stated here.				
Dividend per Share (Note2)	Cash dividends		**6.0**	(Note 2)	(Note 1)
	Stock dividends	Dividend from retained earnings	**0**	(Note 2)	(Note 1)
		Dovodemds from Capital reserve	–	–	(Note 1)
	Accumulated un-appropriated dividend (Note2)		–	–	(Note 1)
Return on Investment	Before retroactive adjustment	Price/Earning ratio (Note3)	**11.71**	**8.35**	(Note 1)
	After retroactive adjustment	Price/Earning ratio (Note3)	**11.71**	(Note 2)	(Note 1)
	Price/Dividends ratio (Note4)		**28.32**	(Note 2)	(Note 1)
	Cash dividends yield rate (Note5)		**3.53**	(Note 2)	(Note 1)

Note1: Up until the printing date, Q1/2014 financial report is not yet available.
Note2: Distributed earnings of 2013 have not yet been approved by shareholders' meeting as at printing date. The related information will be available on Market Observation Post System after the meeting.
Note3: Price/Earnings ratio = Average Market Closing Price per Share /Earning per Share
Note4: Price/Dividend ratio = Average Market Closing Price per Share/Cash Dividend per Share
Note5: Cash dividends YTM = Cash Dividends per Share/Average Market Closing Price per Share

(6) Dividend policy and Status:

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

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

a. Offset prior years' operation losses;

b. Set aside 10% of the retained earnings as a legal reserve till to the amount of the Company's total capital;

c. Set aside special reserve according to operation need of the Company and related laws;

d. Set aside no more than 1% of the remaining amount after deducting item a, b, and c as directors' and supervisors' remuneration, and no less than 1% of un-appropriated earnings as employees' bonus.

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

B. Proposed Distribution of Dividend:

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

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

Not Applicable

(8) Employee Bonus and Directors' & Supervisors' Remuneration:

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

Please refer to (6) Dividend policy and implementation thereof.

B. Accounting Treatments when Differences Occurred between Estimated and Actual Distributed Amount of Employee Bonus and Compensation of Directors and Supervisors.

Not Applicable (There is no difference between the estimated and actual amounts of employee bonus and compensation of directors and supervisors.)

C. Information on any Employee Dividend Distribution Proposals adopted at Board Meetings:

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

D. Earning Distribution Information of the 2012 Employee Bonus and Directors' & Supervisors' Remuneration

The information of approved distribution earning of 2012 are listed as follows:

Unit: NTD; Shares

Details	As approved by the Shareholders' Meeting	As recommended by the Board of Directors	Differences
Distribution Status			
1. Employee bonus			
(1) Stock bonus amount	-	-	None
Stock bonus shares			
Market price per share (ex-right and	-	-	-
ex-dividend factors have been considered)	-	-	-
(2) Cash bonus	99,034,385	99,034,385	None
2. Remuneration paid to Directors and Supervisors	6,785,000	6,785,000	None

(9) Share Buy-back History

None.

2. Corporate Bonds

(1) Corporate Bonds

Type		2st domestic unsecured convertible bonds issued in 2011
Issue date		2011/04/27
Face value		NTD 100 thousand/unit
Listing Exchange		OTC
Issue Price		100% of face value
Total Amount		NTD 4.5 billion
Coupon rate		0%
Maturity		5 years Due on：2016/04/27
Guarantor		None
Trustee		Trust Department of China Trust Commercial Bank
Underwriter		KGI Securities Co., Ltd.
Legal counsel		Not applicable (the issued convertible bonds are in immaterial form)
Auditor		
Conversion and Redemption		Bond holders can convert their bonds into common shares according to article #10 of the bond issuance and conversion procedure or exercise their put options to redeem their bonds according to article # 19 of the procedure. Also , the Company can exercise call options to redeem the bonds in advance according to article #18 of the procedure or the Company will pay in full par value to holders when the issuance period due.
Principal Payable		NTD 3,440,300,000 as of 2014/03/31 (Excluding the amount bought back of NT$50,100,000)
Redemption		Please refer “The Issuance and Conversion Procedures”
Covenant		None
Name of rating company, date and result of rating		None
Other Obligation	Balance Converted to (exchangeable or warrant) shares, ADRs, or Other Types of Securities as of Printing Date	As of 2014/3/31，2nd domestic unsecured CB total amount NT$ 1,009,600,000 converted to common shares (5,082,421 shares) As of 2014/3/31, NT$50,100,000 of 2nd domestic unsecured CB was bought back.
	Policy of Issuing or Converting(exchangeable or warrant)	Please refer to bonds issuance information in website of Market Observation Post System
Impact to the Current Shareholders Due to Dilution		Coupon rate of the convertible bond is 0% and the bonds were issued at premium. Thus, there is no negative impact to the stockholders’ rights.
Name of Custodian		None

(2) Convertible Bonds' Information

Unit: NTD

Type		2nd domestic unsecured convertible bonds issued in 2011	
Content \ Year		2013	2014/03/31
Market Price	Highest	114.00	124.10
	Lowest	101.60	111.40
	Average	106.50	118.10
Conversion Price		184.22	
Date of Issuance Conversion Price at Issuance Date.		2011/04/27 202	
ans to execute the terms when bonds are converted		Issue new common stocks	

* As of 2014/03/31, there were 2nd domestic unsecured convertible bonds converted to common stocks 5,082,421 shares.

(3) Exchangeable Bonds Information:

None

(4) Shelf Registration Information of Corporate Bond Issuance:

None

(5) Equity Warrant Bonds Information:

None

3. Preferred Stock:

None

4. Global Depository Receipts (GDRs)

Content \ Date of Issuance			Global Depository Receipts issued in 2011/06/08
Date of Issuance			2011/06/08
Listing Exchange			Assumed to be issued and traded either at Euro MTF of Burse de Luxembourg or at an international securities trading market which meets the requirements of the major underwriter and Catcher.
Issue Amount			Raising USD 220,028 thousand by issuing 6,700 thousand units of GDR(representing 33,500 thousand common shares)
Listing Price/Unit			USD 32.84 (NTD 189 per common stock share) * at exchange rate of NTD 28.77 to USD 1
Listing Units			6,700,000 Units
Underlying Representing Shares			Issue new common shares.
Number of Total Units and Equivalent Local Shares per Unit			Total units: 6,700,000 units Each unit represents 5 shares of common stock with total issuance of 33,500,000 common shares
Rights and Obligations of GDR holder			The rights and obligations are the same as common stock holders'.
Trustee			None
Depositary Bank			JPMorgan Chase Bank
Custodian Bank			Taipei Branch / JPMorgan chase bank
Outstanding Balance (Units)			Up to 2014/03/31, outstanding 1,975,610 units
Issuing Expense and Maintenance Fees			All by the Company
Important Terms and Conditions of Depositary Agreement and Custodian Agreement			Please refer to Depositary Agreement and Custodian Agreement
Market Price/Unit	2013	Highest	US$33.34
		Lowest	US$21.3
		Average	US$25.71
Market Price/Unit	Up to 2014/3/31	Highest	US$37.77
		Lowest	US$31.52
		Average	US$35.03

5. Employee Stock Option Certificates

None

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

None

7. Financing Plans and Execution Status

Content of Project

1. The project was completed but benefits yet to be realized during the past 3 years：None。

2.The previous issuance or incomplete Private placement：

(A) The 2nd domestic unsecured convertible bond of 2011

(I) Sources of fund:

i. Approval of authority：SFC approval # 09900735131, dated Jan. 14, 2011.
ii. Project Amount：NTD 4.5 billion.
iii. Sources of Fund：To issue a NT 4.5 billion domestic unsecured convertible bonds, with a tenor of 5 years, 0% coupon, and the other terms.
iv. The issuance was completed on April 27, 2011 and the detail of this issuance was released on MOPS。

(II) The amount of this project and its benefits

i. Schedule for using of fund：

unit: NTD thousand

Items	Planed Completion Date	Fund needed	2011		
			Q1	Q2	Q3
Equipments Purchasing	Q3 2011	2,000,000	0	1,553,970	446,030
Working capital	Q1 2011	2,500,000	2,500,000	0	0
Total		4,500,000	2,500,000	1,553,970	446,030

ii. Expected benefits

- Equipment Purchasing：To increase the sales volume of 3C mechanical pars to improve operating profits.
- Working capital：To reduce the interest payment, increase profitability, and improve financial structure by more working capital.

(B) GDR of 2011

(I) Sources of fund:

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

(II) The amount of this project and its benefits

i. Schedule for using of fund：

unit: NTD thousand

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

ii. Expected benefits

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

Project Status

(A) The 2nd domestic unsecured convertible bonds of 2011：

Catcher raised capital on 2011/04/27. The project was completed in Q3 2012 with total amount NTD 4,500 million (to purchase the equipments NTD 200 million, and enriching the working capital NTD 2,500 million) .

(I) Project Status

The status of 2nd domestic unsecured convertible bonds of 2011 until Dec.31, 2012：

Unit: NTD thousand

Items	Status			Balance	Remark
Equipments Purchasing	Amount	Planned	2,000,000	0	Completed in Q3 2012.
		Actual	2,000,000		
	%	Planned	100		
		Actual	100		
Working capital	Amount	Planned	2,500,000	0	Completed in Q3 2012.
		Actual	2,500,000		
	%	Planned	100		
		Actual	100		
Total	Amount	Planned	4,500,000	0	Completed in Q3 2012.
		Actual	4,500,000		
	%	Planned	100		
		Actual	100		

(II) Benefits

i. Equipments Purchasing

The NTD 2 billion spending was planned to purchase the equipments for mid-high end metal parts capacity. Until Q3 2012, Catcher had spent NTD 2 billion on equipment procurement. The manufacturing units, sales revenues, and operating profits were expected to increase in accordance with the completion of equipments purchasing.

ii. Working capital

The amount of NTD 2,500 million for enriching the working capital was completed in the 3Q 2012. Based on 1.5% interest rate for a long term unsecured borrowing, this project was expected to save interest expenses by around 37.5 million, and will help the company's overall operation and competiveness.

(B) GDR of 2011

Catcher had completed the GDR issuance in June 2011. The schedule for spending of this project was slightly behind, due to the delay of this GDR offering. The project was 100% completed in Q4 2012 with total amount NTD 6,330,646 thousand. (NTD 3,368,684 thousand for China investment and NTD 2,961,962 thounsand for foreign material purchasing). With the gradually completion of this project, the benefits will also show accordingly.

(I) The Project status after amendment until Dec.31, 2012

unit: NTD thousand

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

(II) Benefits

i. China Investment

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

ii. Foreign Material Purchasing

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

Five、Overview of the Business Scope

1. Description of The Business

(1) Major Business

A. Major Business:

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

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

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

B. Major Products and Weights：

Unit：in thousand NTD；%

Product Item	Net sales in 2013	(%) of Sales
Metal Casing and Internal Components	41,793,870	96.64%
Others	1,451,680	3.36%
Total	43,245,550	100.00%

C. Current Products and Services:

a. Metal casing and internal components: Sales and manufacturing of casing, internal components, and thermal modules for mobile devices and 3C products, such as notebooks, mobile phones, MP3 players, Digital cameras, PDA and so on.

b. Others: Sales and manufacturing of molds' and air tools' products.

D. Future Products and Services:

a. Plastic parts and metal stamping components for computer, communication, and consuming electronics products.

b. Development and manufacturing of special Magnesium, Aluminum, and stainless alloys casing and components.

c. Development of advanced metal surface treatment techniques.

d. Non-metal material development for 3C applications.

e. Development of combination and product applications between various materials tecniques

g. Technology development, surface treatment, and applications for super light & thin composite materials.

(2) Industry Scope

A. Current Industry Products & Development:

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

a. More flexibility of alloy metal and more surface treatment technologies.

b. Metals are stronger and provide higher impact resistance than engineering plastics.

c. Metals provide better heat dissipation and EMI protection, comparing to engineering plastics.

d. Metals are abundant materials.

e. Popularity of environmental protection has resulted in regulations of recycling IT products in many countries. For example, Japan enacted "Law for Promotion of Effective Utilization of Resources」in April 2001; EU passed "Waste From Electrical and Electronic Equipment" (WEEE) in February 2003. Metals fit in with the requirement on environmental protection and recycling in Japan and EU.

Table 1 Comparison of structural alloys and engineering plastics

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

Source: ITRI (Industrial Technology Research Institute) Material Division

According to Citigroup's statistics, 2013 sales volume of PC achieved 316 million units, compared with 349 million in 2012, down 10% YoY, the largest decline ever in PC history. The main reason was that year end hot season did not show strong demand for PC. Consumers are switching their demand from desktop and NB to other portable devices. In recent years, the demand of PC comes from emerging market, instead of developed market. Low price Android tablets and iPad, however, start to replace some of the PC demand in emerging market. In those markets, consumers could purchase smartphones as their first portable communication devices, and tablets as the first computing devices.

Given that Microsoft stops its service for the 13 year long Windows XP OS from April this year, the replacement of PCs could generate another wave of corporate PC demand. Due to security concern, many companies are forced to upgrade their OS to the new Windows 7 or Windows 8, which is going to drive PC demand.

Mobile phones still occupied the largest shares among all portable devices, and were estimated to reach 1.918 billion units globally last year, up 9.5% y-y. The growth came from the lower segment among all the high end mobile phone, and higher segment among the entire low end. According to Gartner, the upgrade demand of mobile phones from emerging market makes up the shortfall due to less hardware innovation or delay replacement demand from developed market.

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

The slowdown of tablets cannibalization, the continuous growth of tablets, and the decline of PCs will further narrow the shipment gap between tablets and PCs. The shipments of Tablet PC in 2014 will reach 287 million, up 25%. PCs shipments (including desktop and NB) will be 308 million, down from 316 million from previous year. The shipments of tablets will reach 332 million in 2015, which will surpass PC's 301 million.

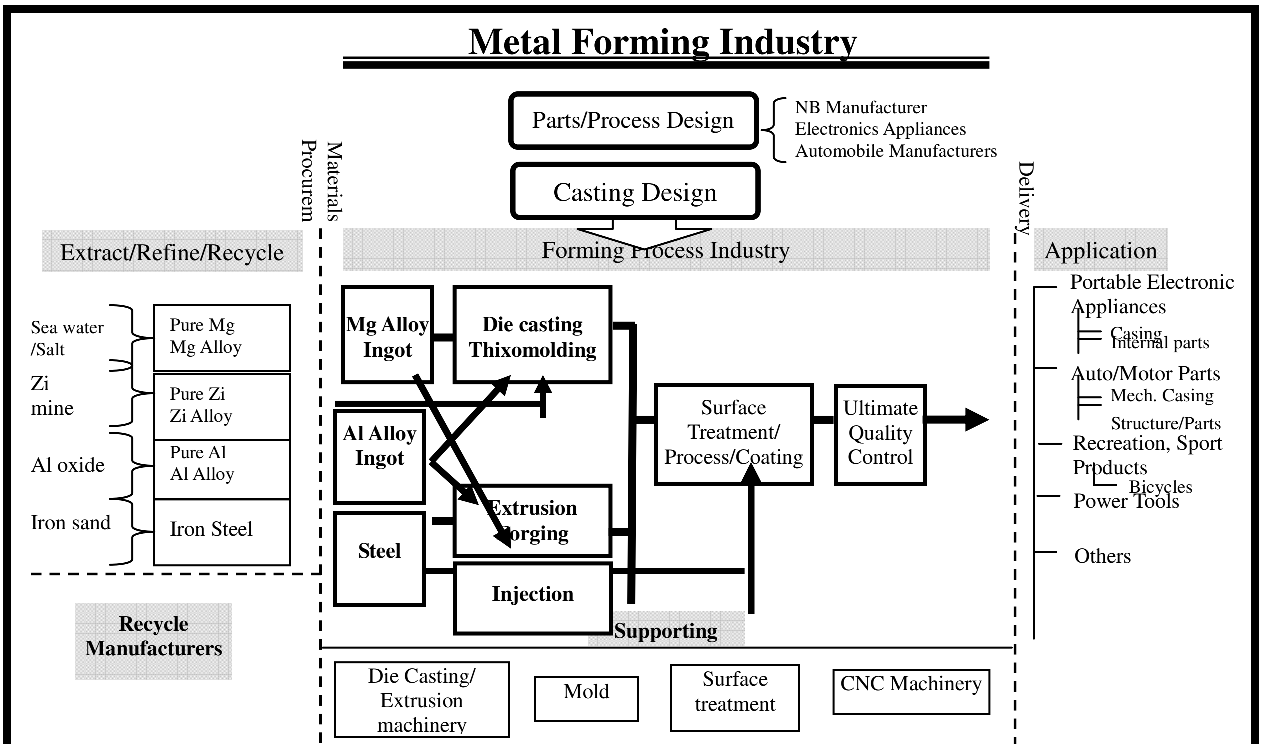
Although Gartner believes tablet cannibalization is slowing down, tablet will outpace PC next year. Smartphone's and tablets surpass PC respectively in recent years, which will push PC companies to catch up their presence in those two market segments.

More and more consumers prefer small size products, and that forces the price for 7" high end tablets to decline. Gartner took a survey recently in Brazil, China, France, Germany, Italia, England, US, and Japan shows the long time assumption: small is better for consumer model tablets. The survey also said most of the tablets are ranging between 8.3"-9.5" in screen size. Among 21,500 consumers under this research, 47% of them possess 8" or even smaller size tablets.

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

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

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



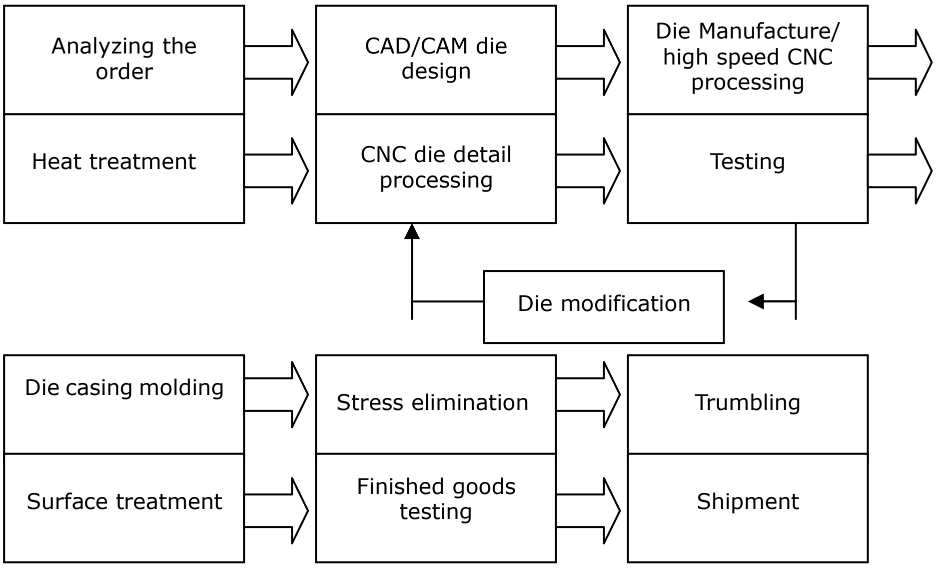
Resource from ITRI IEK-IT IS project; Quoted by Catcher

(a) Metal Alloy Upstream

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

(b) Metal Alloy Midstream

Metal alloy midstream is mainly responsible for metal mold manufacturing, shape machining, and surface treatment. The major suppliers include Catcher, Foxconn, Wafer, Casetek, Ju-Teng, BYD and Silitech. Die-casting industry wholesalers receive downstream consumer orders, and produce metal alloy merchandises. The manufacturing flow chart is illustrated as below:



(c) Metal Alloy downstream

Metals are suitable for all thin and light products, such as portable electronic devices, car parts, and sports products. Automobile and bicycle industry have used aluminum extrusion and forging product quite earlier, but the requirement are not as strict as 3C industry. Thus, 3C sector initialed the high quality and density extrusion products. As for stainless steel, it is very difficult to process but provides strong factor, attracting some smart phone brands. Taiwan has become the manufacturing center for the global ICT products, especially on desktop computers, NBs, and portable devices. Magnesium is the main material for NB and smart phone, and on the other hand, aluminum alloy and Zinc alloy play the key role for 3C industry.

C. Competition Status

Major Competitors:

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

	machining, composite casing, surface coating and assembly.	casing and other 3C components	
BYD Electronics	Provider of handset components and modules manufacturing and assembly services.	Aluminum alloy components	Public traded company

(3) Research & Development Achievements and Plans:

A. Research and Development Expenditures:

Year	2013 (consolidated)
R&D expenditures	NT$ 843,210 thousand

B. Successful Development in Technologies and Products:

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

- Cage structure of composite metal material for NB
- Mobile phone metal injection Bezel with vacuum sputtering surface treatments
- High quality metal/plastic integral injection items with many exterior-handling parts for mobile phone and NB
- Etching and multi-color anodic aluminum alloy casing for mobile phone and NB
- Development and application of integral precision metal extrusion casing
- Development and application of Forging Stainless Steel and Aluminum Unibody design casing
- Special heat dissipation techniques development and relative product design
- Low temperature vacuum sputtering surface treatments for Aluminum
- The combination technology of aluminum and plastic casing.
- The production and application of composite material.

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

For short term planning, the 3C products are getting more diversified. In addition to the stable demand from NBs, the market demand of smartphones and tablets is also increasing. The trend toward multi-functional, thinner, lighter, and stylish design has made metal casing much popular, and drove the growth for metal casing sector. Therefore, Catcher is going to increase its customers and products, enabling this company to pursue growth. For the long term, Catcher will keep its leading advantage to maintain its market share. We will also develop any other materials, components or technologies to provide more materials, products and serve more customers. Besides, Catcher also adds new factory sites and expands capacities aggressively. We will continuously evaluate any possibilities of building new factory or capacities. In addition to cultivating and stabilizing existing market and clients, Catcher devotes itself in developing and researching new substitutes and manufacture processes in a hope to stay ahead of competition. The Company manages to keep the commitment of technology innovation and customer-oriented service while with a vision of sustainable operation.

2. Market and Sales Conditions

(1) Market Analysis:

A. Major Sales Regions:

Unit：in thousand NTD；%

Area \ Year		2013		2012	
		Net Sales	%	Net Sales	%
Domestic		7,385,143	17.08%	5,229,433	14.12%
Export	Asia	31,790,030	73.51%	26,904,670	72.66%
	America	3,602,226	4.16%	4,362,777	11.78%
	Europe	468,151	1.08%	531,918	0.35%
	Others	0	0.00%	0	0.00%
Export subtotal		35,860,407	82.92%	31,799,365	85.88%
Total		43,245,550	100.00%	37,028,798	100.00%

B. Market Share:

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

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

According to research report, the CAGR for metal casing sector is 14.6% from 2013-2015. Therefore, Catcher will take this index as the target and will aim at outpacing this target. In 2013, Catcher’s sales revenue reached NTD 43.2 billion, up 17% from 37 billion in 2012. We had actually reached the target.

C. Future Market Supply, Demand, and Growth Potential

For mobile phone market in 2013, MIC estimated the shipments of Mobile phones (including Smartphone & Tablet) to be around 1.918 billion, up 9.5% y-y. In comparison with the mild growth of mobile phones, smartphones show high growth rate. MIC also estimated the smartphone shipments of 2013 reached 991 million units, up 42% from 698 million in 2012. That is the first time that smartphone units surpass feature phones. The smartphone units are estimated to be 1.26/1.51/1.708 billion from 2014-2016, a double digit increase per annum. We expect the growth from smartphones will come from the competition between different brands and OS. The trend of being large screen size, thinner, lighter, and fashion for smartphones will cause the intense demand for metal parts and will certainly benefit Catcher.

IDC estimated the shipment of Tablet PC in 2013 was around 229 million units, compared with 144 million in 2012, up by 59%. It becomes the largest growth driver among all electronic products. IDC also estimates that tablet will continue to grow 25% to 287 million units in 2014, and up 16% to 332 million in 2015. The strong growth of tablet is obvious and the requirement of the strength of protection for mobile devices, like tablet PCs, can generate the demand of metal casing. Therefore, it should be the key driver for future growth.

According to Citigroup, 2013 sales volume of PC achieved 316 million units, compared with 2012's 349million, decline 10% Y-Y. The main reasons were that the some consumer models were cannibalized by tablet PCs, and the new CPU/OS were postponed. The shipment of PC is expected to further decrease to 308 million, while the decline is decelerate to 2%. PC market is quite mature and the shipment of 2015 is estimated to be 301 million.

Notebook shipments of 2013 were 179 million, compared to 200 million units in 2012, down 11% Y-Y. As for 2014, it will reach to 174 million units (-3% Y-Y); and 169 million in 2015 (-3% Y-Y). 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 the help of new CPU/OS.

Looking ahead of 2014, smartphones and tablets will continue to experience growth and the metal penetration rate will increase, which are expected to drive growth in the metal component industry. 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 quality, yield rate, mass production capability, and innovation.

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

D. Competitive Advantages

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

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

b. The comprehensive manufacturing capabilities of multi-materials, multi-process, and multi-surface treatment.

c. The Company provides one-stop-shopping solution, and ensures time-to-market and quality control issue due to highly in-house integration.

d. The Company's vertically integrated technology in mechanical design, precision mold design and fabrication, molding, decoration, second processing, and sub-assembly also enable it to meet time-to-market and volume production requirements while having the competence to handle the rapid changes in product designs.

e. The Company's technologies and quality have been proven and recognized by customers.

f. The Company consistently develops new products and new applications to meet customers' demand.

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

Since many of our main customers' headquarter are located in northern Taiwan, we also set up our operating center in Taipei. The operating center has been officially opened in March 2010. In the future, we will be able to serve our customers and recruit manpower for R&D, sales, finance, and marketing. We are also able to strengthen our relationship with financial institutes and investors' relationship. In addition, we plan to set up a market analysis department to help our research team understand the market's demand, develop new products, and lower decision making mistakes and avoid unnecessary resources wasted to create the Company's profitability.

E. Positive and Negative Factors Relating to Future Development

a. Favorable Factors

➢ Expansion of the Industry in New Applications

Superior physical characteristics of metals result in the popular applications of metals. Metal casings provide better structure strength, save space, and make better outlook, which enable other portable devices, like NB, smartphone, tablet, camera, and 3C products, to adopt more and more metal. Therefore, the applications for metals are in growth and the industrial outlook is optimistic.

➢ Downstream Applications and Diversified & Stable Customer Base

Due to the boosting of Internet and multimedia, the market of mobile devices and 3C products is booming up. In addition, the effort in the information industry from private sectors and government being more than a decade, a completed and well-operating supply chain was established. As a result, the market shares of many kinds of 3C products in Taiwan achieve No.1 around the world. Catcher is one of few suppliers qualified in quality, yield rate, and capacity. The company already cooperated with brand companies and ODMs for many years. Because of the rapid growth of the smartphone in recent years, the Company also has cooperation with smartphone, mobile devices brand companies. The diversified and stable customers' base is the important factors for the sustainable development.

➢ High Entry Barrier in the metal casing industry

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

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

- **Research and Development Specialty**

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

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

We position ourselves as a one-stop-shopping service for metal technology and components manufacturing. We have developed vertically integrated manufacturing capabilities from design to manufacturing and logistics covering modeling design, multi-forming, CNC machining, variety of surface treatment, powder coating/painting and assembly, which enables the fast time-to-market capability, and quality assurance to meet global brand name clients' need. In addition to the development of special process and technology, the company's existing comprehensive manufacturing matrix enables the company to become one of the few metal casing manufactures with good quality, yield rate, production capacity and customized and innovative design, and all of these can achieve customer's requirements.

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

b. Negative Factors

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

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

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

- **Action Plans**

i. Expand the production capacity to lower production cost with economies of scale and enhance innovation of more value-added, diversified and premium products to sustain the Company's profitability.

ii. We are proud of providing existing clients with outstanding process technology by extending from handling products designing, mass production, back-up service, products distribution, to post-selling services. In addition, with superior production standard, we will aim at increasing yield rate to remain the Company's core competency.

iii. We will also emphasis on providing customers with one-stop shopping service, covering from mold design, rapid prototyping, mold flow analysis, mold development and forming, CNC processing, fine polishing, surface anticorrosion treatment, superior coating to assembly, to fulfill clients' need.

- **Price Pressure and actively Vertical Integration from Competitors**

Due to the increase of commercial notebook demand, the metal casing penetration rate is rising up. However, because of the high pressure of cost, most companies would like to adopt the cost saving solution, such as "stamping + Mg die casting internal frame" and "stamping + plastic internal frame". In this way, the product can meet the attractive outlook requirement, and reduce the price pressure as well.

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

- **Action Plans**

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

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

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

- **Increase of Entry Level Smartphone.**

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

- **Action Plans**

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

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

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

- **Action Plans**

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

- **Potential Substitute Materials**

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

- **Action Plans**

i. Catcher focuses on R&D and continues to dedicate on developing new potential substitutes. Recently, besides magnesium alloy and aluminum alloy, the Company begins to provide all kinds of metal alloy, such as zinc alloy and stainless steel. The Company also aggressively extended special process and technology to accommodate into existing technique, creating a "comprehensive manufacturing matrix". Thus, the Company provides injection, extrusion, forging as well as die-casting, and all kinds of surface treatments on metal alloy products, such as anode, PVD. Catcher will provide better quality and service diversely, enlarge the differentiation between metal and non-metal, and keep improving competence.

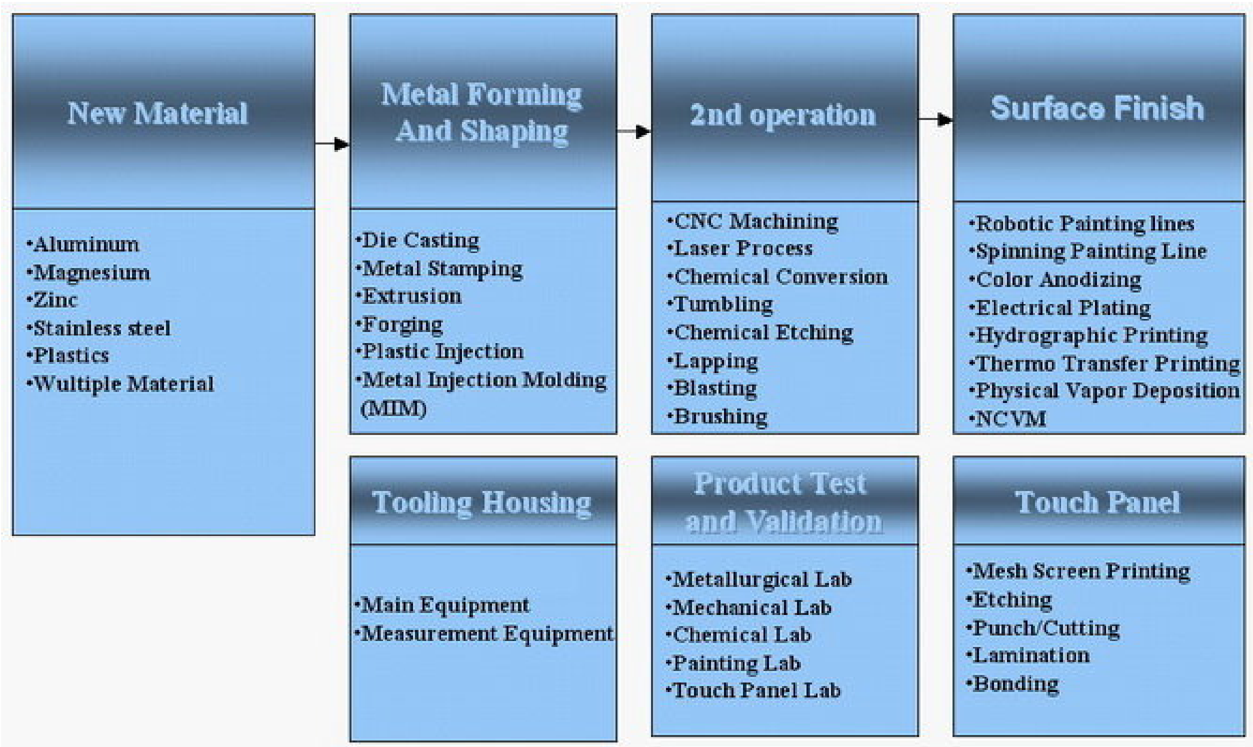
ii. Catcher's R&D puts efforts on the exploitation and development of new material, and on the upgrading and development of non-metal material. In addition to metal casing, the Company starts to develop plastic casing and composite materials as well. We saw a remarkable growth in 2013. We are looking forward to providing customers with one-stop shopping and grow together to reach the goal of win-win situation.

(2) Usage and manufacture Processing in Main Products:

A. Usage in Main Products:

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

B. Major Product Technology Process：



(3) Supply situation for the major raw materials

Material Categories	Area	Supply Status
Magnesium Alloy Ingot	Mainland China	Sufficient
Aluminum and Zinc Alloy Ingot	Domestic firms, Mainland China	Sufficient

(4) Major Vendors and Customers

A. Major Customers

Unit: in thousand NTD; %

	2013				2012			
Item	Supplier	Amount	〔%〕	Related party	Supplier	Amount	〔%〕	Related party
1	O	8,768,886	20.28%	No	C	9,590,301	25.90%	No
2	R	6,568,160	15.19%	No	Q	7,522,655	20.32%	No
3	I	6,492,120	15.01%	No	I	5,102,659	13.78%	No
4	C	4,633,671	10.71%	No	--	--	--	--
	Others	16,782,713	38.81%		Others	14,813,183	40.00%	
	Net Sales	43,245,550	100.00%		Net Sales	37,028,798	100.00%	

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

B. Major Vendors

Unit: in thousand NTD; %

	2013				2012			
Item	Supplier	Amount	〔%〕	Related party	Supplier	Amount	〔%〕	Related party
1	-	-	-	-	A	851,285	10.86%	No
	Others	11,050,175	100.00%		Others	6,984,779	89.14%	
	Total Purshase	11,050,175	100.00%		Total Purshase	7,836,064	100.00%	

Note: The variance is primarily resulted from the consideration on quality of products and price as well as new equipment move-in due to new process technology.

(5) Production Figures

Unit: in thousand NTD；Thousand pieces

Year / Value / Products	2013			2012		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Metal Casing Internal Parts	519,866	320,132	23,532,593	484,066	307,309	19,558,223
Others	1,461	821	1,392,231	1,392	829	1,426,668
Total	521,326	320,953	24,924,824	485,458	308,138	20,984,891

(6) Sales Figures

Unit: in thousand NTD；Thousand pieces

	2013	2012

Value / Year Products	Domestic		Export		Domestic		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Metal Casing Internal Parts	27,927	6,832,320	71,532	34,876,136	11,393	4,791,504	88,982	29,101,276
Others	0	552,823	23,325	984,271	491	437,929	228	2,698,089
Net Sales	27,927	7,385,143	94,857	35,860,407	11,884	5,229,433	89,210	31,799,365

3. Employee Analysis

Catcher Technology Co., Ltd. Employee Analysis				
Employees / Year		2012	2013	As of 2014/3/31
Numbers of Employees	Direct Labors	1,459	1,814	1,822
	Indirect Labors	1,055	1,186	1,129
	Total	2,514	3,000	2,951
Average Age		30.7	30.73	30.69
Average Years of Employment		2.2	2.49	2.54
Level of Education (%)	Ph.D.	0.44	0.37	0.34
	Masters Degree	4.71	4.73	5.15
	Bachelors/Associate Degree	29.05	29.30	28.50
	High School	24.49	22.77	22.84
	Others	41.31	42.83	43.17

4. Environmental Protection Information

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

None.

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

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

5. Labor Relations:

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

A. Employee benefit plans are as follows:

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

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

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

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

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

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

B. Mitigation measures being or to be taken: None

6. Major Agreements

Contract Type	Name of the Company	Contract Period	Major Content	Limitations
Lease	Taiwan Sugar Co., Ltd.	2000.4.20 | 2050.4.19	Land rental	The agreement will be terminated or cancelled if violate relative regulations or land pledged without agree written by the landlord.
Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suzhou) Co., Ltd	Bureau of Land Resources and Housing Management-Suzhou	2001.04.18 | 2054.11.15	Transfer of the right to the use of land	None
Contract for Transfer of the Right to the Use of Land-Topo Technology (Suzhou) Co., Ltd	China-Singapore Suzhou Industrial Park Development Co.Ltd	2005.01.12 | 2055.01.11	Transfer of the right to the use of land	None

Contract for Transfer of the Right to the Use of Land-Meeca Technology (Suzhou) Co., Ltd	China-Singapore Suzhou Industrial Park Development Co.Ltd	2006.04.30 | 2056.04.29	Transfer of the right to the use of land	None
Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2008.12.12 | 2058.12.11	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2010.01.05 | 2060.01.04	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Catcher Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2012.08.24 | 2082.08.23	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Vito Technology (Suqian) Co., Ltd	Bureau of Land Resources and Housing Management-Suqian	2012.08.24 | 2062.08.23	Transfer of the right to the use of National-owned construction land	None
Contract for Transfer of the Right to the Use of Land-Topo Technology (Taizhou) Co., Ltd	Bureau of Land Resources and Housing Management-Taizhou	2013.02.14 | 2063.02.13	Transfer of the right to the use of National-owned construction land	None

Six、Overview of the Financial Status

1. Abbreviated Balance Sheets and Income Statements -IFRS

(1) Abbreviated Consolidated Balance Sheet -IFRS

Unit：In thousand NTD

Item / Year		Past Five Fiscal Year (Note1)					As of 2014/03/31
		2013	2012	2011	2010	2009	(Note 3)
Current Assets		65,346,656	66,559,666				—
Property, Plant and Equipment		34,903,140	30,814,857				—
Intangible Assets		102,555	78,969				—
Other Assets		5,026,685	3,906,084				—
Total Assets		105,379,036	101,359,576	Not	Not	Not	—
Current Liabilities	Before Distribution	31,574,568	36,791,877				—
	After Distribution	31,574,568	41,296,096				—
Long-term Liabilities		124,362	2,979,324				—
Total Liabilities	Before Distribution	31,698,930	39,771,201				—
	After Distribution	31,698,930	44,275,420	Applicable	Applicable	Applicable	—
Equity attributed to parent company's shareholders		73,509,487	61,409,619				
Capital		7,507,031	7,507,031				—
Capital reserve		16,974,456	16,924,117				—
Retained earnings	Before Distribution	48,216,767	38,917,729				—
	After Distribution	48,216,767	34,413,510				—
Other equity		811,233	-1,939,258				—
Treasury stock		0	0				—
Minority equity		170,619	178,756				—
Total Equity Total Equity	Before Distribution After Distribution	73,680,106	61,588,375				—
	Before Distribution	73,680,106	57,084,156				—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.
Note 2: Because 2013 shareholders' meeting has not yet been convened, the amount after distribution in 2013 represents the same as the amount before distribution.
Note 3: Up until the printing date, Q1/2014 financial report is not yet available.

(2)Abbreviated Parent Company Balance Sheet -IFRS

Item / Year		Past Five Fiscal Year (Note1)					As of 2014/03/31
		2013	2012	2011	2010	2009	(Note 3)
Current Assets		16,547,660	10,995,991	Not Applicable	Not Applicable	Not Applicable	—
Property, Plant and Equipment		5,893,366	6,086,548				—
Intangible Assets		11,625	6,524				—
Other Assets		69,344,402	56,659,699				—
Total Assets		91,797,053	73,748,762				—
Current Liabilities	Before Distribution	18,165,528	11,231,743				—
	After Distribution	18,165,528	15,735,962				—
Long-term Liabilities		122,038	1,107,400				—
Total Liabilities	Before Distribution	18,287,566	12,339,143				—
	After Distribution	18,287,566	16,843,362				—
Equity attributed to parent company's shareholders		73,509,487	61,409,619				
Capital		7,507,031	7,507,031				—
Capital reserve		16,974,456	16,924,117				—
Retained earnings	Before Distribution	48,216,767	38,917,729				—
	After Distribution	48,216,767	34,413,510				—
Other equity		811,233	-1,939,258				—
Treasury stock		0	0				—
Minority equity		0	0				—
Total Equity Total Equity	Before Distribution After Distribution	73,509,487	61,409,619				—
	Before Distribution	73,509,487	56,905,400				—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.
Note 2: Because 2013 shareholders' meeting has not yet been convened, the amount after distribution in 2013 represents the same as the amount before distribution.
Note 3: Up until the printing date, Q1/2014 financial report is not yet available.

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

Unit：in thousand NTD（EPS: NTD）

Year / Item	Past Five Fiscal Year (Note1)					As at 2014/03/31
	2013	2012	2011	2010	2009	
Net Operating Revenues	43,245,550	37,028,798				(Note 3)
Gross Profit	18,320,726	16,043,907				—
Operating Income (Loss)	13,915,661	12,160,421				—
Net Non-operating Income (expenses)	3,612,614	1,783,562				—
Income (loss) Before Tax From Continuing Operations	17,528,275	13,943,983				—
Income (loss) From Continuing Operations	13,817,120	10,829,958				—
Income (loss) From Discontinued Operations	—	—	Not	Not	Not	—
Net Profit (loss)	13,817,120	10,829,958				—
Other Comprehensive Income (loss)	2,760,864	-1,960,710				—
Total Comprehensive Income (loss)	16,577,984	8,869,248				—
Net Profit attributed to Parent Company's shareholders	13,801,184	10,811,975				—
Net Profit attributed to minority	15,936	17,983	Applicable	Applicable	Applicable	—
Comprehensive Income attributed to Parent Company's shareholders	16,553,748	8,858,404				—
Comprehensive Income attributed to minority	24,236	10,844				—
Earnings Per Share (Note 2)	18.38	14.40				—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.
Note 2: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.
Note 3: Up until the printing date, Q1/2014 financial report is not yet available.

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

Item \ Year	Past Five Fiscal Year (Note1)					As at 2014/03/31
	2013	2012	2011	2010	2009	
Net Operating Revenues	22,228,284	11,743,036				(Note 3)
Gross Profit	2,429,922	3,006,961				—
Operating Income (Loss)	1,953,420	2,463,777				—
Net Non-operating Income (expenses)	12,745,508	9,375,413				—
Income (loss) Before Tax From Continuing Operations	14,698,928	11,839,190				—
Income (loss) From Continuing Operations	13,801,184	10,811,975				—
Income (loss) From Discontinued Operations	–	–	Not	Not	Not	—
Net Profit (loss)	13,801,184	10,811,975				—
Other Comprehensive Income (loss)	2,752,564	-1,953,571				—
Total Comprehensive Income (loss)	16,553,748	8,858,404				—
Net Profit attributed to Parent Company's shareholders	–	–				—
Net Profit attributed to minority	–	–	Applicable	Applicable	Applicable	—
Comprehensive Income attributed to Parent Company's shareholders	–	–				—
Comprehensive Income attributed to minority	–	–				—
Earnings Per Share (Note 2)	18.38	14.40				—

Note 1: The financial information over the past 5 fiscal years has been audited by independent auditors.
Note 2: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.
Note 3: Up until the printing date, Q1/2014 financial report is not yet available.

2. Abbreviated Balance Sheets and Income Statements –TW GAAP

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

Item \ Year		Past Five Fiscal Year (Note1)				
		2013	2012	2011	2010	2009
Current Assets			11,015,029	12,869,507	3,549,586	5,961,777
Funds and Investments			55,901,800	48,150,506	34,431,611	32,467,313
Property, Plant and Equipment			5,889,284	4,951,078	2,628,268	2,649,935
Intangible Assets			7,928	9,009	10,090	11,171
Other Assets		Not	542,374	558,512	535,916	525,549
Total Assets			73,356,415	66,538,612	41,155,471	41,615,745
Current Liabilities	Before Distribution		11,211,842	5,565,540	2,379,360	1,345,400
	After Distribution		15,716,061	9,322,121	6,135,941	2,678,617
Long-term Liabilities			1,000,000	5,048,489	6,018,433	8,224,844
Other Liabilities			113,315	113,064	81,301	86,831
Total Liabilities	Before Distribution		12,325,157	10,727,093	8,479,094	9,657,075
	After Distribution		16,829,376	14,483,674	12,235,675	10,990,292
Capital			7,507,031	7,506,394	6,649,085	6,649,085
Capital reserve		Applicable	16,932,463	16,924,672	5,787,940	5,784,450
Retained earnings	Before Distribution		36,151,184	29,014,195	21,098,145	17,998,118
	After Distribution		31,646,965	25,257,614	17,341,564	16,664,901
Unrealized Gain or Loss on Financial Instruments			35,356	-11,644	-59,187	601
Cumulative Translation Adjustments			394,205	2,366,833	-810,625	1,515,397
Unrecognized Pension Cost			0	0	0	0
Total Equity Total Equity	Before Distribution After Distribution		61,031,258	55,811,519	32,676,377	31,958,670
	Before Distribution		56,527,039	52,054,938	28,919,796	30,625,453

(2) Abbreviated Consolidated Balance Sheet –TW GAAP

Year Item	Past Five Fiscal Year (Note1)				
	2013	2012	2011	2010	2009
Current Assets		66,632,714	57,994,815	34,460,563	32,078,841
Funds and Investments		1,718,384	1,424,570	1,095,526	539,398
Property, Plant and Equipment		30,998,040	28,408,240	20,930,850	18,297,417
Intangible Assets		697,916	429,991	406,422	401,871

Other Assets		Not	878,789	1,020,691	1,200,193	2,565,710
Total Assets			100,925,843	89,278,307	58,093,554	53,883,237
Current Liabilitie s	Before Distribution		36,741,374	25,750,911	19,146,823	13,516,265
	After Distribution		41,245,593	29,507,492	22,903,404	14,849,482
Long-term Liabilities			2,862,875	7,412,574	6,018,433	8,224,844
Other Liabilities			111,479	109,987	74,421	74,973
Total Liabilitie s	Before Distribution		39,715,728	33,273,472	25,239,677	21,816,082
	After Distribution		44,219,947	37,030,053	28,996,258	23,149,299
Capital			7,507,031	7,506,394	6,649,085	6,649,085
Capital reserve		Applicable	16,932,463	16,924,672	5,787,940	5,784,450
Retained earnings	Before Distribution		36,151,184	29,014,195	21,098,145	17,998,118
	After Distribution		31,646,965	25,257,614	17,341,564	16,664,901
Unrealized Gain or Loss on Financial Instruments			35,356	-11,644	-59,187	601
Cumulative Translation Adjustments			394,205	2,366,833	-810,625	1,515,397
Unrecognized Pension Cost			0	0	0	0
Total Equity Total Equity	Before Distribution After Distribution		61,210,115	56,004,835	32,853,877	32,067,155
	Before Distribution		56,705,896	52,248,254	29,097,296	30,733,938

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

Year / Item	Past Five Fiscal Year (Note1)				
	2013	2012	2011	2010	2009
Net Operating Revenues		11,743,036	16,573,620	2,762,943	882,911
Gross Profit		3,008,899	4,272,479	684,457	88,558
Operating Income (Loss)	Not	2,467,337	3,900,372	448,186	- 152,176
Non-operating Income		9,820,401	7,685,020	4,364,857	3,756,890
Non-operating expenses		369,973	246,752	185,567	43,046
Income (loss) Before Tax From Continuing Operations		11,917,765	11,338,540	4,627,476	3,561,668
Income (loss) From Continuing Operations		10,890,485	10,677,233	4,429,844	3,320,083
Income (loss) From Discontinued Operations		—	—	—	—
Extraordinary Items	Applicable	—	—	—	—

Cumulative Effect of Change in Accounting Principle		—	—	—	—
Net income		10,890,485	10,677,233	4,429,844	3,320,083
Earnings Per Share (Note 2)		**14.51**	**14.93**	**6.66**	**5.01**

(4) Abbreviated Consolidated Income Statement –TW GAAP

Year / Item	Past Five Fiscal Year (Note1)				
	2013	2012	2011	2010	2009
Net Operating Revenues	Not Applicable	37,028,798	35,913,842	21,844,638	16,988,016
Gross Profit		16,039,025	16,890,826	7,752,763	6,004,527
Operating Income (Loss)		12,158,274	13,213,277	5,087,353	3,559,661
Non-operating Income		2,137,556	1,082,156	759,592	492,007
Non-operating expenses		344,745	590,285	659,829	197,641
Income (loss) Before Tax From Continuing Operations		13,951,085	13,705,148	5,187,116	3,854,027
Income (loss) From Continuing Operations		10,909,043	10,664,784	4,447,197	3,331,257
Income (loss) From Discontinued Operations		—	—	—	—
Extraordinary Items		—	—	—	—
Cumulative Effect of Change in Accounting Principle		—	—	—	—
Net income		10,909,043	10,664,784	4,447,197	3,331,257
Earnings Per Share (Note 2)		14.51	14.93	6.66	5.01

3. Names of the Auditors and the Opinions:

Year	CPA Firm	CPA	Auditors' Opinion	Reason for change CPA
2009	Deloitte & Touche	Jia-Ling Chiang Hui-Yin Chiu	Revised unqualified opinion	-
2010	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	Job rotation inside CPA firm
2011	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	

2012	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	
2013	Deloitte & Touche	Hung Ju Liao Chi Chen Lee	Revised unqualified opinion	

2. Financial Analysis for the Past Five Years

(1) Consolidated Financial Analysis -IFRS

Year / Analysis Items		Financial Information For The Past 5 Years (Note 2)					As of 2014/03/31 (Note 3)
		2013	2012	2011	2010	2009	
Capital Structure (%)	Debt ratio	30.08	39.24				—
	Long-term Funds to Fixed Assets	210.61	208.58				—
Liquidity (%)	Current Ratio	206.96	180.91				—
	Quick Ratio	191.8	168.65				—
	Times Interest Earned	6,114.93	4,708.88	Not	Not	Not	—
Operating Performance	Accounts Collection Turnover (times)	2.65	2.69				—
	Average Collection Days	137.74	135.69				—
	Inventory Turnover (times)	7.88	8.42				—
	Average Payable Turnover (times)	6.14	6.36				—
	Inventory Turnover Days	46.32	43.35				—
	Fixed asset Turnover (times)	1.24	1.20				—
	Total asset Turnover (times)	0.41	0.37				—
Profitability	Return on Assets (%)	13.59	11.58				—
	Return on Equity (%)	20.48	18.40				—
	Income Before Tax as ％ of Capital	233.49	185.75				—
	Net income to Sales (%)	31.95	29.25	Applicable	Applicable	Applicable	—
	EPS（NTD）（Note 1）	18.38	14.40				—
Cash Flow (%)	Cash Flow Ratio	63.71	26.47				—
	Cash Flow Adequacy Ratio	107.75	80.15				—
	Cash flow Reinvestment Ratio	17.31	7.94				—
Leverage	Operating Leverage	2.16	2.12				—
	Financial Leverage	1.02	1.03				—

Note1: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee’s bonus distribution.
Note2: The financial information over the past 5 years has been audited by independent auditors.
Note3: Up until the printing date, Q1/2014 financial report is not available

Explanations for Significant Changes (over 20%)

- Debt ratio: The ratio decreased because of repaying long-term and short-term debts.
- Times Interest Earned: Because the Company has witnessed better sales and profits in 2013 and in the meanwhile repaid the debts, which led to less interest expenses.
- Income before Tax as % of Capital: The ratio increased primarily because of better profits in 2013.
- Earnings per share: Earnings per share increased due to better sales revenues in 2013, which led to higher net profit.
- Cash flow ratio, Cash flow adequacy ratio, and cash flow reinvestment ratio: As the

Company has generated higher sales revenues and higher profits in 2013, the cash flows from operating activities increased, which made the ratios higher.

(2) Parent Company Financial Analysis -IFRS

Analysis Items \ Year		Financial Information For The Past 5 Years (Note 2)					As of 2014/03/31 (Note 3)
		2013	2012	2011	2010	2009	
Capital Structure (%)	Debt ratio	19.92	16.73	Not Applicable	Not Applicable	Not Applicable	－
	Long-term Funds to Fixed Assets	1,247.33	1,025.37				－
Liquidity (%)	Current Ratio	91.09	97.9				－
	Quick Ratio	88.72	94.45				－
	Times Interest Earned	11,487.19	13,685.93				－
Operating Performance	Accounts Collection Turnover (times)	4.41	2.10				－
	Average Collection Days	82.77	173.81				－
	Inventory Turnover (times)	53.87	24.99				－
	Average Payable Turnover (times)	12.50	3.74				－
	Inventory Turnover Days	6.78	14.61				－
	Fixed asset Turnover (times)	3.77	1.93				－
	Total asset Turnover (times)	0.24	0.16				－
Profitability	Return on Assets (%)	16.82	15.47				－
	Return on Equity (%)	20.46	18.37				－
	Income Before Tax as ％ of Capital	195.80	157.71				－
	Net income to Sales (%)	62.09	92.07				－
	EPS（NTD）（Note 1）	18.38	14.40				－
Cash Flow (%)	Cash Flow Ratio	0.39	30.15				－
	Cash Flow Adequacy Ratio	32.89	64.81				－
	Cash flow Reinvestment Ratio	-5.59	-0.57				－
Leverage	Operating Leverage	6.71	3.07				－
	Financial Leverage	1.01	1.01				－

Note1: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.
Note2: The financial information over the past 5 years has been audited by independent auditors.
Note3: Up until the printing date, Q1/2014 financial report is not available

Explanations for Significant Changes (over 20%)

- Long-term Funds to Fixed Assets: As the Company continued to recognize investment gains in 2013, the stockholders' equity has increased during the period.
- Accounts collection turnover (times), fixed asset turnover (times), total assets turnover (times), average collection days: As the sales revenues in 2013 was higher, and the related cost of good sold was also growing, the turnover rate was higher, which led to derease in average collection days.
- Income before Tax as % of Capital, earnings per share: The ratios increased primarily because of better profits in 2013.
- Net income to sales: Cost was higher because of higher sales revenues, which led to lower net income to sales ratio.
- Cash flow ratio: The ratio decreased due to higher accounts payable derived from more

inventories and higher short-term loans.

- Cash flow adequacy ratio: Net cash inflows in 2013 casued the ratio lower.
- Cash flow reinvestment ratio: Lower cash flows from operating activities in 2013, more cash dividends and more long-term investment were the primary reasons for the lower ratio.
- Operating leverage: The ratio went higher in 2013 because the rate of increase from cost was higher than sales revenues.

Formula for Financial Analysis：

A. Capital Structure

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

B. Liquidity

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

C. Operating Performance

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

D. Profitability

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

E. Cash Flow

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

F. Leverage

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

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

Analysis Items			Financial Information For The Past 5 Years (Note 2)				
		Year	2013	2012	2011	2010	2009
Capital Structure (%)	Debt ratio			16.80	16.12	20.6	23.21
	Long-term Funds to Fixed Assets			1,053.29	1,229.23	1,472.26	1,516.4
Liquidity (%)	Current Ratio			98.24	231.24	149.18	443.12
	Quick Ratio			94.62	224.26	138.66	430.01
	Times Interest Earned		Not	13,776.10	12,945.41	5,337.19	8,810.36
Operating Performance	Accounts Collection Turnover (times)			2.10	3.83	2.76	1
	Average Collection Days			173.80	95.3	132.24	365
	Inventory Turnover (times)			24.99	43	13.41	6.1
	Average Payable Turnover (times)			3.74	6.36	3.74	1.37
	Inventory Turnover Days			14.60	8.48	27.21	60
	Fixed asset Turnover (times)			1.99	3.35	1.05	0.33
	Total asset Turnover (times)			0.16	0.25	0.07	0.02
Profitability	Return on Assets (%)			15.67	19.96	10.88	8.66
	Return on Equity (%)			18.64	24.13	13.71	10.81
	％ of Capital	Operating Income		32.87	51.96	6.74	-2.29
		Income Before Tax		158.75	151.05	69.6	53.57
	Net income to Sales (%)		Applicable	92.74	64.42	160.33	376.04
	EPS（NTD）（Note 1）			14.51	14.93	6.66	5.01
Cash Flow (%)	Cash Flow Ratio			30.35	22.68	-14.82	7.51
	Cash Flow Adequacy Ratio			32.13	13.73	8.18	19.51
	Cash flow Reinvestment Ratio			-0.55	-2.41	-4.23	-1.21
Leverage	Operating Leverage			3.06	2.5	4	-3.8
	Financial Leverage			1.04	1.02	1.25	0.79

Note1: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee's bonus distribution.
Note2: The financial information over the past 5 years has been audited by independent auditors.

Formula for Financial Analysis：

A. Capital Structure

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

B. Liquidity

- Current ratio = Current assets/Current liability

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

C. Operating Performance

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

D. Profitability

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

E. Cash Flow

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

F. Leverage

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

(4) Consolidated Financial Analysis –TW GAAP

Analysis Items / Year		Financial Information For The Past 5 Years (Note 2)				
		2013	2012	2011	2010	2009
Capital Structure (%)	Debt ratio		39.35	37.27	43.45	40.49
	Long-term Funds to Fixed Assets		206.12	222.56	184.87	219.61
Liquidity (%)	Current Ratio		181.36	225.21	179.98	237.34
	Quick Ratio		168.88	210.28	143.40	171.69
	Times Interest Earned	Not	5,616.71	6,596.44	2,871.83	2,460.15
Operating Performance	Accounts Collection Turnover (times)		2.69	3.29	2.77	5.44

	Average Collection Days			135.69	110.94	131.77	67.10
	Inventory Turnover (times)			8.42	8.14	6.51	10.01
	Average Payable Turnover (times)			6.45	5.93	5.37	10.74
	Inventory Turnover Days			43.35	44.84	56.07	36.46
	Fixed asset Turnover (times)			1.19	1.26	1.04	0.93
	Total asset Turnover (times)			0.37	0.40	0.38	0.32
Profitability	Return on Assets (%)			11.72	14.74	8.23	12.88
	Return on Equity (%)			18.67	24.10	13.76	20.85
	％ of Capital	Operating Income		161.96	176.03	76.51	53.54
		Income Before Tax		185.84	182.58	78.01	57.96
	Net income to Sales (%)		Applicable	29.46	29.70	20.36	19.61
	EPS（NTD）(Note 1)			14.51	14.93	6.66	5.01
Cash Flow (%)	Cash Flow Ratio			31.24	44.63	23.36	57.17
	Cash Flow Adequacy Ratio			111.13	121.91	141.58	373.64
	Cash flow Reinvestment Ratio			10.36	12.04	6.91	15.72
Leverage	Operating Leverage			2.12	1.94	2.81	3.07
	Financial Leverage			1.03	1.02	1.04	1.05

Note1: The shares used for calculation are those after retroactive adjustment capital reserve, retained earnings, and employee’s bonus distribution.
Note2: The financial information over the past 5 years has been audited by independent auditors.

Formula for Financial Analysis：

A. Capital Structure

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

B. Liquidity

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

C. Operating Performance

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

- Total assets turnover (times) = Net sales / Average Total Assets

D. Profitability

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

E. Cash Flow

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

F. Leverage

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

Financial leverage=Income from Operations/(Income from Operations-Interest Expenses)

3. Audit Committee’s Review Report

Audit Committee’s Review Report

The Board of Directors has prepared the Company’s 2013 Financial Statements. Independent auditors, Certified Public Accountants of Deloitte & Touche, have audited the Financial Statements. The Financial Statements have been reviewed and determined to be correct and accurate by the Audit Committee of CATCHER. The Audit Committee hereby submits this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Catcher Technology Co., Ltd.

Audit Committee Members

Independent Director:

Independent Director:

Independent Director:

February 5, 2014

4. Financial Statement

Please refer to appendix 1

5. Consolidated Financial Statements

Please refer to appendix 2

6. Financial Difficulties Information

None.

Seven、Financial Position, Business Performance and Risks

1. Financial Position

Analysis of Financial Position

Unit: in thousand NTD

Item \ Year	2013	2012	Difference	
			Amount	%
Current Assets	65,346,656	66,559,666	-1,213,010	-2%
Fixed Assets, Plant and Equipment	34,903,140	30,814,857	4,088,283	13%
Intangible Assets	102,555	78,969	23,586	30%
Other Assets	5,026,685	3,906,084	1,120,601	29%
Total assets	105,379,036	101,359,576	4,019,460	4%
Current Liabilities	31,574,568	36,791,877	-5,217,309	-14%
Long-term Liabilities	124,362	2,979,324	-2,854,962	-96%
Total liabilities	31,698,930	39,771,201	-8,072,271	-20%
Equity attributed to parent company's shareholders	73,509,487	61,409,619	12,099,868	20%
Capital	7,507,031	7,507,031	0	0%
Capital Reserve	16,974,456	16,924,117	50,339	0%
Retained Earnings	48,216,767	38,917,729	9,299,038	24%
Shareholders' Equity - others	811,233	-1,939,258	2,750,491	-142%
Treasury stock	0	0	0	0%
Minority equity	170,619	178,756	-8,137	-5%
Total Equity	73,680,106	61,588,375	12,091,731	20%

(1) Explanations for Significant Changes in Financial Position

- Increase in intangible assets was due to increases in purchase of compute software.
- Increase in other assets was due to increases in deferred tax assets.
- Decrease in long-term liabilities was because of repaying bank's loans.
- Increase in shareholders' equity-others result from higher cumulative foreign currency exchange difference on continuing NTD depreciation.

(2) Significant Influences by the Changes

No material influences.

(3) Action Plans for the Influences

Not Applicable

2. Operating Results

(1)Analysis of Operating Results

Unit: in thousand NTD

Item \ Year	2013	2012	Increase (Decrease) Amount	Percentage of change (%)
Net sales	43,245,550	37,028,798	6,216,752	17%
Gross Profit	18,320,726	16,043,907	2,276,819	14%
Operating Income (Loss)	13,915,661	12,160,421	1,755,240	14%
Non-Operating Income (Expenses)	3,612,614	1,783,562	1,829,052	103%
Income before Income Tax	17,528,275	13,943,983	3,584,292	26%
Profit from Continuing Operations	13,817,120	10,829,958	2,987,162	28%
Loss from Discontinued Operations	—	—	—	—
Net Income (Loss)	13,817,120	10,829,958	2,987,162	28%
Other Comprehensive Income	2,760,864	-1,960,710	4,721,574	241%
Total Comprehensive Income	16,577,984	8,869,248	7,708,736	87%
Net Profit attributed to Parent Company's shareholders	13,801,184	10,811,975	2,989,209	28%
Net Profit attributed to Non-Controlling Equity	15,936	17,983	-2,047	-11%
Total Comprehensive Income attributed to Parent Company's shareholders	16,553,748	8,858,404	7,695,344	87%
Total Comprehensive Income attributed to Non-controlling Equity	24,236	10,844	13,392	123%
Earnings per Share	18.38	14.40	3.98	28%

A. Explanations for Significant Changes

- Increase in non-operating income (expenses) was attributed to the gains from volatile foreign currency exchange rate.
- Increase in income before income tax, net profit and net profit attributed to parent company's shareholders was due higher sales revenues and better profits.
- Increase in other comprehensive income and total comprehensive income attributed to parent company's shareholders was because of continuing NTD depreciation.

B. Sales Quantities Estimation for Next Year

None.

C. Possible Impact on Future Business and Responsive Plans

No significant impact on financial and business.

3. Analysis on Cash Flow

Unit: in thousand NTD

Cash Balance at the Beginning of the Year (A) (2012.12.31)	Net Cash Provided by Operating Activities (B) (2013)	Impact from changes in Foreign Currency Exchange Rate (C)	Net cash Provided from Investing and Financing Activities (C) (2013)	Balance of Net Cash (A+B+C) (2013.12.31)	Remedy for cash shortfall	
					Investment Plan	Finance plan
$45,399,535	$20,115,606	-$27,314,017	$1,177,238	$39,378,362	—	—

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

- **Operating Activities**

  Cash inflow approximately NTD 20,115,606 thousand was mainly due to the realization of account receivables and the cash flow from operating activities.

- **Investing Activities**

  Cash outflow approximately NTD 10,728,198 thousand was mainly due to the increase in purchasing fixed assets.

- **Financing Activities**

  Cash outflow approximately NTD 16,686,819 thousand was mainly from distribution of cash dividend and repaying the long-term and short-term loans

- **Action Plans to Improve the Cash Flow**

  Not Applicable

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

(1) Major Capital Expenditures

Unit: in thousand NTD

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

(2) Expected Benefits from Capital Expenditures

A. Construction of Factories

In order to sustain the Company's operation and provide a good working environment.

B. Purchase of Machinery and Equipment

Capacities expansion can increase the Company's competiveness, operation efficiency, and benefit the shareholders.

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

(1) Investment Policy

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

(2) Causes of Profit / Loss

The Company has recognized investment gains of $55,806 thousand in 2013. These gains were mostly contributed from related parties.

(3) Investment Plans

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

6. Risk Management and Evaluation

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

A. Interest Rate Risk

The Company's interest rate risk is generated from the long-term liabilities of operating activities. To lower the risk, fixed rate finance instruments are used for long-term liabilities. For the respect of assets, we mostly invest in high-mobility, short-term fixed-income bonds in order to protect capital and reduce risks.

B. Exchange Rate Risk

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

C. Inflation Risk

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

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

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

(3)Upcoming R&D Plans and Their Status

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

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

The Company has dedicated staff to follow the important domestic and international policy and legal changes at any time; responding for seeking professional advices such as lawyer and accountant and plan preventative actions. During 2012, such changes have no major impact on our operation.

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

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

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

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

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

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

(8)Risk of Excess Capacity from Fluctuating Economics Conditions

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

(9)Risk of Profit/Loss if Sales/Material are Concentrated on a Single or Few Customers/Suppliers, and a Major Customers/Supplier Reduces its Orders/Supplies

A. Risk of Sales Concentrated

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

B. Risk of Suppliers concentrated

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

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

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

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

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

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

(12) Litigation and Non-litigated Incidents

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

(13) Other Significant Risks

Part of the production processes were suspended due to the environmental issues (smell problem) involving odors generated in our subsidiaries - Topo Technology Co., Ltd. and Meeca Technology Co., Ltd. So far, we have not received the formal document approval for resumption from the Government. The Company keeps its improvement, including equipment and tasks, and tries to communicate with the authorities. Currently, there is no significant impact to the Company’s operating and production.

7. Other Necessary Supplements

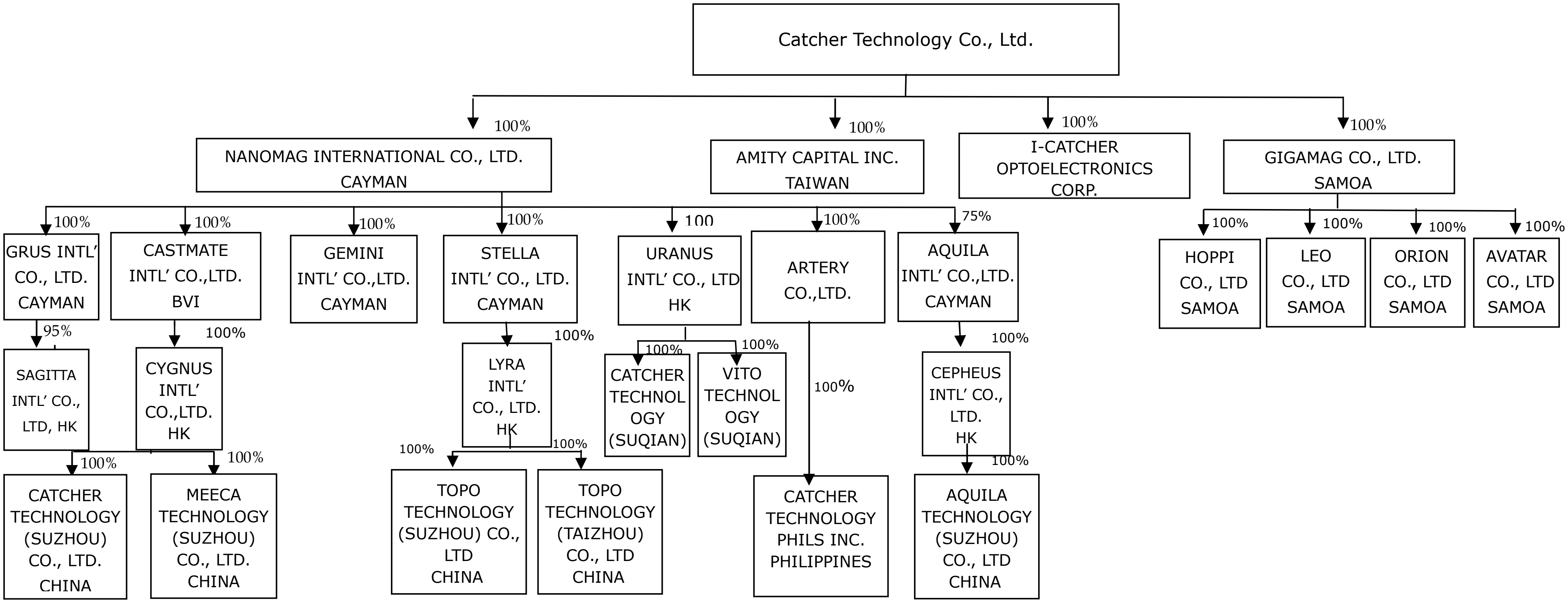
None

Eight、 Special items to be included

1. Summary of Affiliated Enterprises

(1)The Consolidated Operating Report

A. Organizational Chart (2013.12.31)



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

2013/12/31; Unit: in thousand NTD

Name of Corporation	Date of incorporation	Address	Capital	Major Business
Nanomag International Co., Ltd.	2001.07.19	Scotia Centre, 4th Floor, P.O. Box 2804.George Town, Grand Cayman, Cayman Islands	3,678,144	Investment activities
Gigamag Co., Ltd.	2000.12.15	Offshore Chambers,P.O.Box 217, Apia,Samoa	484,941	Investment activities
Amity Capital Inc.	2007.06.13	1F., No.10, Ln. 138, Ren-Ai St., Yongkang City, Tainan County 710, Taiwan (R.O.C.)	29,000	Investment activities
I-Catcher Optoelectronics Corp.	2007.09.26	1F., No.10, Ln. 138, Ren-Ai St., Yongkang City, Tainan County 710, Taiwan (R.O.C.)	5,000	Manufacturing and marketing of aluminum and magnesium alloy parts/molds
Grus international Co., Limited	2009.09.24	Scotia Centre, 4th Floor, P.O.Box 2804, George Town,Grand Cayman,Cayman Islands	894,258	Investment activities
Castmate International Co., Ltd.	1998.04.15	P.O. Box 3443 Road Town, Tortola, British Virgin Islands	1,023,790	Investment activities
Gemini International Co., Ltd.	2005.04.01	Scotia Centre, 4th Floor, P.O.Box 2804, George Town, Grand Cayman, Cayman Islands	87,761	Investment activities
Stella International Co., Ltd.	2003.11.13	Scotia Centre, 4th Floor, P.O. Box 2804.George Town, Grand Cayman, Cayman Islands	3,315,630	Investment activities
Uranus International Co., Limited	2007.11.07	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	5,931,426	Investment activities
Artery Co., Ltd.	2001.11.01	Offshore Chambers,P.O.Box 217, Apia Samoa	18,852	Investment activities
Aquila International Co., Ltd.	2005.01.06	Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	33,382	Investment activities
Sagitta International Co., Limited	2009.10.21	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	891,579	Investment activities
Cygnus International Co., Limited	2007.11.07	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	4,153,185	Investment activities
Lyra International Co., Limited	2007.11.07	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	4,209,013	Investment activities
Cepheus International Co., Limited	2007.11.09	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	41,727	Investment activities
Catcher Technology Phils Inc.	2000.11.08	No.24 Innovative Street Subic Bay Industrial Park Phase-1, Subic Bay Freeport Zone, Philippines	3,697	Manufacturing and marketing of aluminum and magnesium alloy parts/molds

Hoppi Co., Ltd.	2001.07.18	Offshore Chambers,P.O.Box 217, Apia Samoa	137,066	International Trading
Avatar Co., Ltd.	2001.07.18	Offshore Chambers,P.O.Box 217, Apia Samoa	206,790	International Trading
Leo Co., Ltd.	2008.11.20	Offshore Chambers,P.O.Box 217, Apia Samoa	447,075	International Trading
Orion Co., Ltd.	2008.11.20	Offshore Chambers,P.O.Box 217, Apia Samoa	149,025	International Trading
Catcher Technology (Suzhou) Co., Ltd.	2001.04.20	201 Suhung Central Rd. Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC.	1,490,548	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Topo Technology (Suzhou) Co., Ltd.	2003.12.22	No 111, ChangYang St. Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	3,287,790	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Meeca Technology（Suzhou）Co., Ltd.	2006.03.14	No 107, ChangYang St. Suzhou Industrial Park, Suzhou City, Jingsu Province, the PRC	3,656,179	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Catcher Technology (Suqian) Co., Ltd.	2008.12.09	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	2,980,500	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
VITO Technology (Suaian) Co., Ltd.	2012.07.11	No.21, Gucheng Road,SU-SU Industrial Park Suqian City, Jiangsu Province	2,950,695	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Topo Technology (Taizhou) Co., Ltd.	2012.06.12	Taizhou Economic Development Zone North of West Zhenxing Road, Economic Standard factory) West of South Wuling Road(Photoelectronic Industrial Park of Taizhou	2,988,523	Research and developing, manufacturing and marketing of aluminum and magnesium alloy parts/mold
Aquila Technology (Suzhou）Co., Ltd.	2005.03.11	N0.439 Fengting avenue Industrial park,SUZHOU	41,727	Manufacturing and marketing of electronic parts and molds

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

None.

D. Business of Catcher's Affiliates and their relationship

Major Business	Name of Affiliated Enterprises	Relationship in between
Investment activities	Nanomag International Co., Ltd.	Invest in Artery Co., Ltd.、Castmate International Co., Ltd.、Stella International Co., Ltd.、Gemini International Co., Ltd.、Aquila International Co., Ltd.、 Uranus International Co., Limited、Grus international Co., Limited
Investment activities	Gigamag Co., Ltd.	Invest in Hoppi Co., Ltd.、Avatar Co., Ltd.、Leo Co., Ltd.、Orion Co., Ltd.
Investment activities	Amity Capital Inc.	100% owned by Catcher Technology Co., Ltd.

Manufacturing and sales of electronics products	I-Catcher Optoelectronics Corp.	100% owned by Catcher Technology Co., Ltd.
Investment activities	Grus international Co., Limited	Invest in Sagitta International Co., Limited
Investment activities	Castmate International Co., Ltd.	Invest in Cygnus International Co., Limited
Investment activities	Gemini International Co., Ltd.	
Investment activities	Stella International Co ., Ltd.	Invest in Lyra International Co., Limited
Investment activities	Uranus International Co., Limited	Invest in Catcher Technology (Suqian) Co., Ltd., Vito Technology (Suqian) Co., Ltd.
Investment activities	Artery Co., Ltd.	Invest in Catcher Technology Phils Inc.
Investment activities	Aquila International Co., Ltd.	Invest in Cepheus International Co., Limited
Investment activities	Sagitta International Co., Limited	95% owned by Grus international Co., Limited
Investment activities	Cygnus International Co., Limited	Invest in Catcher Technology (Suzhou) Co., Ltd. and Meeca Technology（Suzhou）Co., Ltd.
Investment activities	Lyra International Co., Limited	Invest in Topo Technology (Suzhou) Co., Ltd., Topo Technology (Taizhou) Co., Ltd
Investment activities	Cepheus International Co., Limited	Invest in Aquila Technology (Suzhou)Co., Ltd.
Manufacturing and sales of electronics products	Catcher Technology Phils Inc.	Manufacturing and sales of alloying products
International Trading	Hoppi Co., Ltd.	Sales of business group’s products
International Trading	Avatar Co., Ltd.	Procurement logistics base of business group
International Trading	Leo Co., Ltd.	Sales of business group’s products
International Trading	Orion Co., Ltd.	Procurement logistics base of business group
Manufacturing and sales of electronics products	Catcher Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Topo Technology (Suzhou) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Meeca Technology（Suzhou）Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Catcher Technology (Suqian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Aquila Technology (Suzhou）Co., Ltd.	Manufacturing and sales of alloying products and molds
Manufacturing and sales of electronics products	VITO Technology (Suaian) Co., Ltd.	Manufacturing and sales of alloying products
Manufacturing and sales of electronics products	Topo Technology (Taizhou) Co., Ltd.	Manufacturing and sales of alloying products

E. Directors, Supervisors and General Manager of Affiliated Enterprises

Unit: Share; %

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	%
Nanomag International Co., Ltd.	Director & General Manager	Catcher Technology Co., Ltd. Representative: Allen Hung	—	—
	Director	Catcher Technology Co., Ltd. Representative: Tien Szu Hung	—	—
Gigamag Co., Ltd.	Director & General Manager	Catcher Technology Co., Ltd Representative: Allen Hung	—	—
	Director	Catcher Technology Co., Ltd Representative: Tien Szu Hung	—	—
Amity Capital Inc.	Director & Chairman	Catcher Technology Co., Ltd. Representative: Allen Hung	—	—
	Director	Catcher Technology Co., Ltd. Representative: Peter Su	—	—
	Director	Catcher Technology Co., Ltd. Representative: Amy Chen	—	—
	Supervisor	Catcher Technology Co., Ltd. Representative: Irene Lin	—	—
I-Catcher Optoelectronics Corp.	Director & Chairman	Catcher Technology Co., Ltd. Representative: Allen Hung	—	—
	Director	Catcher Technology Co., Ltd. Representative: Amy Chen	—	—
	Director	Catcher Technology Co., Ltd. Representative: Peter Su	—	—
	Supervisor	Catcher Technology Co., Ltd. Representative: Irene Lin	—	—
Grus international Co., Ltd.	Director	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
Castmate International Co., Ltd.	Director & General Manager	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: Tien Szu Hung	—	—
Gemini International Co., Ltd.	Director & Chairman	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: Tien Szu Hung	—	—
Stella International Co., Ltd.	Director & General Manager	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: Tien Szu Hung	—	—
Uranus International Co., Ltd	Director	Nanomag International Co., Ltd. Representative: Amy Chen	—	—
Artery Co., Ltd.	Director & General Manager	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: Tien Szu Hung	—	—
Aquila International Co., Ltd.	Director & Chairman	Nanomag International Co., Ltd. Representative: Allen Hung	—	—
	Director	Nanomag International Co., Ltd. Representative: Tien Szu Hung	—	—
Sagitta International Co., Ltd.	Director	Grus International Co., Ltd. Representative: Amy Chen	—	—
Cygnus International Co., Ltd	Director	Castmate International Co., Ltd. Representative: Amy Chen	—	—
Lyra International Co., Limited	Director	Stella International Co., Ltd. Representative: Amy Chen	—	—
Cepheus International Co., Limited	Director	Aquila International Co., Ltd. Representative: Amy Chen	—	—
Catcher Technology Phils Inc.	Director & General Manager	Artery Co., Ltd. Representative: Allen Hung	—	—
	Director	Artery Co., Ltd. Representative: Tien Szu Hung	—	—
Hoppi Co., Ltd.	Director & General Manager	Gigamag Co., Ltd. Representative: Allen Hung	—	—
	Director	Gigamag Co., Ltd. Representative: Tien Szu Hung	—	—

Name of Corporation	Title	Name or Representative	Shareholding	
			Shares	%
Avatar Co., Ltd.	Director & General Manager	Gigamag Co., Ltd. Representative: Allen Hung	–	–
	Director	Gigamag Co., Ltd. Representative: Tien Szu Hung	–	–
Leo Co., Ltd.	Director	Gigamag Co., Ltd. Representative: Michael Yeh	–	–
Orion Co., Ltd.	Director	Gigamag Co., Ltd. Representative: Jennifer Lin	–	–
Catcher Technology（Suzhou）Co., Ltd.	Director & Chairman	Cygnus International Co., Limited Representative: Jodan Yang	–	–
	Director	Cygnus International Co., Limited Representative: Nikken Fang	–	–
	Director	Cygnus International Co., Limited Representative: Jay Tseng	–	–
	Supervisor	Cygnus International Co., Limited Representative: Pi-Fen Huang	–	–
Topo Technology (Suzhou) Co., Ltd.	Director & Chairman	Lyra International Co., Limited Representative: Lawrence Kuo	–	–
	Director	Lyra International Co., Limited Representative: Nikken Fang	–	–
	Director	Lyra International Co., Limited Representative: Jay Tseng	–	–
	Supervisor	Lyra International Co., Limited Representative: Pi-Fen Huang	–	–
Meeca Technology (Suzhou) Co., Ltd.	Director & Chairman	Cygnus International Co., Limited Representative: Jeff Cheng	–	–
	Director	Cygnus International Co., Limited Representative: Nikken Fang	–	–
	Director	Cygnus International Co., Limited Representative: Jay Tseng	–	–
	Supervisor	Cygnus International Co., Limited Representative: Pi-Fen Hung	–	–
Catcher Technology (Suqian) Co., Ltd.	Director & Chairman	Uranus International Co., Ltd. Representative: Jay Tseng	–	–
	Director	Uranus International Co., Ltd. Representative: Lawrence Kuo	–	–
	Director	Uranus International Co., Ltd. Representative: Jodan Yang	–	–
	Supervisor	Uranus International Co., Ltd. Representative: Pi-Fen Huang	–	–
Aquila Technology (Suzhou) Co., Ltd.	Director & Chairman	Cepheus International Co., Limited Representative: ANG KAH KWEE	–	–
	Director	Cepheus International Co., Limited Representative: Lawerence Kuo	–	–
	Director	Cepheus International Co., Limited Representative: Jeff Cheng	–	–
	Supervisor	Cepheus International Co., Limited Representative: Pi-Fen Huang	–	–
VITO Technology (Suaian) Co., Ltd.	Director & Chairman	Uranus International Co., Ltd. Representative: Jay Tseng	–	–
	Director	Uranus International Co., Ltd. Representative: Nikken Fang	–	–
	Director	Uranus International Co., Ltd. Representative: Jodan Yang	–	–
	Supervisor	Uranus International Co., Ltd. Representative: Pi-Fen Huang	–	–
TOPO Technology (Taizhou) Co., Ltd.	Director & Chairman	Lyra International Co., Ltd. Representative: Nikken Fang	–	–
	Director	Lyra International Co., Ltd. Representative: Jodan Yang	–	–
	Director	Lyra International Co., Ltd. Representative: Jay Tseng	–	–
	Supervisor	Lyra International Co., Ltd. Representative: Pi-Fen Huang	–	–

F. Summarized Operation Results of Affiliated Enterprises

2013/12/31; Unit: in thousand; NTD

Name of Corporation	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenues	Operating Income (Loss)	Net Income (Loss)	Earnings Per Share ($)
Amity Capital Inc.	29,000	9,143	0	9,143	0	-90	45	0.02
I-Catcher Optoelectronics Corp.	5,000	4,031	0	4,031	0	-13	21	0.04
Nanomag International Co., Ltd.	3,678,144	59,859,282	2,265,246	57,594,036	0	-362	9,287,145	309,571,500
Gigamag Co., Ltd.	484,941	12,153,788	342	12,153,446	0	-361	2,778,375	193.24
Grus international Co., Limited	894,258	949,617	0	949,617	0	-123	-58,453	-1.95
Sagitta International Co., Limited	941,307	1,000,167	63	1,000,104	0	-112	-61,587	-2.06
Gemini International Co., Ltd.	87,761	1,125	0	1,125	0	-172	-169	-0.06
Castmate International Pte. Ltd.	1,023,790	24,673,322	0	24,673,322	0	-47	1,389,892	40.46
Cygnus International Co., Ltd.	4,153,185	24,356,016	1,341,299	23,014,717	0	-127	1,376,125	9.88
Stella International Co., Ltd.	3,315,630	20,434,456	922,763	19,511,693	0	-162	1,875,042	16.86
Lyra International Co., Ltd.	4,209,013	17,830,683	119,286	17,711,397	0	-137	1,839,733	13.03
Uranus International Co., Ltd.	5,931,426	14,440,716	0	14,440,716	0	-6	6,211,820	31.21
Aquila International Co., Ltd.	41,727	471,322	63	471,260	0	-213	76,749	73.09
Cepheus International Co., Ltd.	41,727	473,916	4,501	469,415	0	-4,463	76,957	54.97
Artery Co., Ltd.	18,852	1,572	477	1,094	0	0	99	0.16
Catcher Technology Phils Inc.	3,697	1,563	0	1,563	0	-14	100	0.17
Catcher Technology (Suzhou) Co., Ltd.	1,490,548	4,630,422	314,959	4,315,463	3,782,375	-264,271	52,425	0
Meeca Technology (Suzhou) Co., Ltd.	3,656,179	16,733,797	3,392,406	13,341,391	6,749,889	1,376,275	1,157,356	0
Topo Technology (Suzhou) Co., Ltd.	3,287,790	14,854,844	2,043,351	12,811,494	11,088,639	2,505,549	1,880,925	0
Topo Technology (Taizhou) Co., Ltd.	2,988,523	8,344,901	5,417,274	2,927,627	7,743,751	-1,547,367	-167,074	0

Catcher Technology (Suqian) Co., Ltd.	2,980,500	31,623,842	20,108,216	11,515,626	18,747,505	8,025,071	6,346,529	0
VITO Technology (Suqian) Co., Ltd.	2,950,695	5,367,350	2,442,276	2,925,074	362,524	-299,798	-134,703	0
Aquilia Technology (Suzhou) Co., Ltd.	41,727	495,468	87,190	408,277	544,225	117,789	83,518	0

(2)Consolidated Financial Statements Covering Affiliated Enterprises

Letter of Representation

The Companies represented in the consolidated financial statements of "Catcher Technology Co., Ltd. and its Affiliated Enterprises" for the year ended December 31, 2013 made in accordance with "The Rules Governing Preparation of Affiliated Enterprises Consolidated Operating Report, Affiliated Enterprises Consolidated Financial Statements and Relationship Report" are the identical companies represented in the consolidated financial statements of Catcher Technology Co., Ltd. and Subsidiaries made in accordance with International Accounting Standards No. 27. The disclosures to the consolidated financial statements of affiliated enterprises are fully presented in the consolidated financial statements of "Catcher Technology Co., Ltd. and Subsidiaries". Accordingly, we will not present separately consolidated financial statements of affiliated enterprises".

Catcher Technology Co., Ltd.
Chairman: Allen Hung
2014/02/06

(3) Report on Affiliations:

None.

2. Issuance of Private Placement Securities

None.

3. Acquisition or Disposal of Catcher’s Shares by Subsidiaries

None.

4. Other Necessary Supplements

None.

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

None.

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

Catcher Technology Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2013 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

CATCHER TECHNOLOGY CO., Ltd.

By

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ALLEN HONG
Chairman
February 6, 2014

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, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. 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, 2013, December 31, 2012 and January 1, 2012 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$585,733 thousand, NT$485,235 thousand and NT$413,238 thousand, or 0.56%, 0.48% and 0.46% of the consolidated total assets as of December 31, 2013, December 31, 2012 and January 1, 2012 respectively. Comprehensive income recognized under the equity method was NT$120,728 thousand and NT$95,450 thousand, or 0.73% and 1.08% of the consolidated comprehensive income for the years ended December 31, 2013 and 2012, 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, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated cash flows for the years ended December 31. 2013 and 2012, 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, 2013 and 2012 on which we have issued a modified unqualified opinion.

February 6, 2014

<u>*Notice to Readers*</u>

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
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 39,378,362	37	$ 45,399,535	45	$ 35,541,852	40
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	22,087	-	-	-	117,765	-
Available-for-sale financial assets - current (Notes 4 and 8)	49,975	-	937,361	1	1,343,321	1
Debt investment with no active market - current (Notes 4 and 9)	3,192,697	3	326,080	-	4,655,979	5
Notes receivable (Notes 4 and 10)	560	-	30	-	-	-
Accounts receivable (Notes 4 and 10)	17,504,791	17	15,173,226	15	12,322,837	14
Other receivables (Note 31)	261,179	-	212,834	-	167,411	-
Current tax assets (Notes 4 and 26)	149,397	-	28	-	17	-
Inventories (Notes 4 and 11)	3,873,173	4	2,449,094	3	2,537,880	3
Prepayment for lease (Notes 4 and 16)	17,812	-	15,601	-	10,889	-
Other current assets (Note 17)	896,623	1	2,045,877	2	1,204,503	1
Total current assets	65,346,656	62	66,559,666	66	57,902,454	64
NON-CURRENT ASSETS						
Available-for-sale financial assets - non - current (Notes 4 and 8)	-	-	99,834	-	80,123	-
Debt investment with no active market - non - current (Notes 4, 9 and 33)	-	-	-	-	244,698	-
Investments accounted for using equity method (Notes 4 and 12)	1,730,683	2	1,633,725	2	1,356,242	2
Property, plant and equipment (Notes 4, 13 and 33)	34,903,140	33	30,814,857	30	27,928,528	31
Investment properties (Notes 4, 14 and 33)	259,831	-	265,449	-	271,076	-
Other intangible assets (Notes 4 and 15)	102,555	-	78,969	-	101,625	-
Deferred tax assets (Notes 4 and 26)	1,394,675	1	641,603	1	626,467	1
Long-term prepayments for lease (Notes 4 and 16)	770,070	1	682,315	1	419,102	1
Other non-current assets (Notes 17 and 33)	871,426	1	583,158	-	882,859	1
Total non-current assets	40,032,380	38	34,799,910	34	31,910,720	36
TOTAL	$ 105,379,036	100	$ 101,359,576	100	$ 89,813,174	100

LIABILITIES AND EQUITY	December 31, 2013 Amount	%	December 31, 2012 Amount	%	January 1, 2012 Amount	%
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	$ 16,155,655	16	$ 24,439,799	24	$ 17,040,191	19
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	37,772	-	49,508	-
Notes payable (Note 20)	249,963	-	308,002	-	136,454	-
Accounts payable (Note 20)	4,245,813	4	2,980,944	3	3,085,509	4
Accounts payable - related parties (Note 32)	286,540	-	49,262	-	35,971	-
Other payables (Note 21)	3,665,484	4	3,044,969	3	3,115,265	4
Current tax liabilities (Notes 4 and 26)	2,165,528	2	1,275,657	1	1,119,544	1
Current portion of bonds payable (Note 19)	3,492,625	3	3,487,922	4	-	-
Current portion of long-term borrowings (Notes 18 and 33)	1,000,000	1	839,417	1	953,255	1
Other current liabilities (Note 21)	312,960	-	328,133	-	221,201	-
Total current liabilities	31,574,568	30	36,791,877	36	25,756,898	29
NON-CURRENT LIABILITIES						
Bonds payable (Note 19)	-	-	-	-	3,441,822	4
Long-term borrowings (Notes 18 and 33)	-	-	2,862,875	3	3,970,752	4
Deferred tax liabilities (Notes 4 and 26)	116,744	-	96,819	-	122,723	-
Accrued pension liabilities (Notes 4 and 22)	854	-	3,406	-	-	-
Other non - current liabilities (Note 21)	6,764	-	16,224	-	31,485	-
Total non-current liabilities	124,362	-	2,979,324	3	7,566,782	8
Total liabilities	31,698,930	30	39,771,201	39	33,323,680	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)						
Capital stock - common stock	7,507,031	7	7,507,031	8	7,506,394	8
Capital surplus	16,974,456	16	16,924,117	17	16,916,326	19
Retained earnings						
Legal reserve	5,541,474	6	4,452,426	4	3,384,703	4
Special reserve	2,377,902	2	2,377,902	2	3,236,695	4
Unappropriated earnings	40,297,391	38	32,087,401	32	25,251,916	28
Total retained earnings	48,216,767	46	38,917,729	38	31,873,314	36
Other equity	811,233	1	(1,939,258)	(2)	249	-
Total equity attributable to owners of the Company	73,509,487	70	61,409,619	61	56,296,283	63
NON - CONTROLLING INTERESTS	170,619	-	178,756	-	193,211	-
Total equity	73,680,106	70	61,588,375	61	56,489,494	63
TOTAL	$ 105,379,036	100	$ 101,359,576	100	$ 89,813,174	100

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

(With Deloitte & Touche audit report dated February 6, 2014)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2013		2012	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 24)	$ 43,245,550	100	$ 37,028,798	100
OPERATING COSTS (Notes 11, 25 and 31)	24,924,824	58	20,984,891	57
GROSS PROFIT	18,320,726	42	16,043,907	43
OPERATING EXPENSES (Note 25)				
Selling and marketing expenses	326,495	1	329,990	1
General and administrative expenses	3,235,360	7	2,613,576	7
Research and development expenses	843,210	2	939,920	2
Total operating expenses	4,405,065	10	3,883,486	10
OPERATING INCOME	13,915,661	32	12,160,421	33
NON-OPERATING INCOME AND EXPENSES (Note 25)				
Interest income	658,600	2	640,363	2
Other income	641,222	2	266,960	1
Foreign exchange gain, net	2,435,378	6	1,074,956	3
Other gains and losses	113,021	-	(10,452)	-
Interest Expense	(291,413)	(1)	(302,546)	(1)
Share of profit of associates	55,806	-	114,281	-
Total non-operating income and expense	3,612,614	9	1,783,562	5
PROFIT BEFORE INCOME TAX	17,528,275	41	13,943,983	38
INCOME TAX EXPENSE (Notes 4 and 26)	3,711,155	9	3,114,025	9
NET PROFIT	13,817,120	32	10,829,958	29
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences arising on translation of foreign operations	2,788,824	6	(1,988,542)	(5)
Unrealized gain (loss) on available-for-sale financial assets	(36,667)	-	50,495	-
Actuarial gain (loss) from defined benefit plans	2,533	-	(14,643)	-
Share of other comprehensive income (loss) of associates	6,634	-	(8,599)	-

(Continued)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2013		2012	
	Amount	**%**	**Amount**	**%**
Income tax benefit (expense) related to components of other comprehensive income (loss)	$ (460)	-	$ 579	-
Other comprehensive income (loss) for the year, net of income tax	2,760,864	6	(1,960,710)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 16,577,984	38	$ 8,869,248	24
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 13,801,184		$ 10,811,975	
Non - controlling interests	15,936		17,983	
	$ 13,817,120		$ 10,829,958	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 16,553,748		$ 8,858,404	
Non - controlling interests	24,236		10,844	
	$ 16,577,984		$ 8,869,248	
EARNINGS PER SHARE (Note 27)				
Basic	$ 18.38		$ 14.40	
Diluted	$ 17.91		$ 14.08	

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

(With Deloitte & Touche audit report dated February 6, 2014) (Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(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 Arising on Translation of Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2012	$ 7,506,394	$ 16,916,326	$ 3,384,703	$ 3,236,695	$ 25,251,916	$ -	$ 249	$ 56,296,283	$ 193,211	$ 56,489,494
Appropriation of the 2011 earnings :										
Legal reserve	-	-	1,067,723	-	(1,067,723)	-	-	-	-	-
Special reserve	-	-	-	(858,793)	858,793	-	-	-	-	-
Cash dividends - 50%	-	-	-	-	(3,753,496)	-	-	(3,753,496)	-	(3,753,496)
Change in capital surplus from investments in associates accounted for by using equity method	-	2,198	-	-	-	-	-	2,198	-	2,198
Net income for the year ended December 31,2012	-	-	-	-	10,811,975	-	-	10,811,975	17,983	10,829,958
Other comprehensive income (loss) for the year ended December 31,2012, net of income tax	-	-	-	-	(14,064)	(1,990,002)	50,495	(1,953,571)	(7,139)	(1,960,710)
Total comprehensive income (loss) for the year ended December 31,2012	-	-	-	-	10,797,911	(1,990,002)	50,495	8,858,404	10,844	8,869,248
Conversion of convertible bonds	637	5,593	-	-	-	-	-	6,230	-	6,230
Decrease in non - controlling interests	-	-	-	-	-	-	-	-	(25,299)	(25,299)
BALANCE, DECEMBER 31, 2012	7,507,031	16,924,117	4,452,426	2,377,902	32,087,401	(1,990,002)	50,744	61,409,619	178,756	61,588,375
Appropriation of the 2012 earnings :										
Legal reserve	-	-	1,089,048	-	(1,089,048)	-	-	-	-	-
Cash dividends - 60%	-	-	-	-	(4,504,219)	-	-	(4,504,219)	-	(4,504,219)
Change in capital surplus from investments in associates accounted for by using equity method	-	54,843	-	-	-	-	-	54,843	-	54,843
Net income for the year ended December 31,2013	-	-	-	-	13,801,184	-	-	13,801,184	15,936	13,817,120
Other comprehensive income (loss) for the year ended December 31,2013, net of income tax	-	-	-	-	2,073	2,787,158	(36,667)	2,752,564	8,300	2,760,864
Total comprehensive income (loss) for the year ended December 31,2013	-	-	-	-	13,803,257	2,787,158	(36,667)	16,553,748	24,236	16,577,984
Disposal of investments accounted for using equity method	-	(4,504)	-	-	-	-	-	(4,504)	-	(4,504)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(32,373)	(32,373)
BALANCE, DECEMBER 31, 2013	$ 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

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

(With Deloitte & Touche audit report dated February 6, 2014)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 17,528,275	$ 13,943,983
Adjustments for		
Depreciation	5,178,520	4,236,154
Amortization	46,691	38,931
Allowance for doubtful accounts	-	4,659
Net gain on financial assets and liabilities at fair value through profit or loss	(600)	-
Interest expenses	291,413	302,546
Interest income	(658,600)	(640,363)
Dividend income	37,341	28,594
Shae of profit of associates	(55,806)	(114,281)
Gain on disposal of property, plant and equipment	(10,547)	(9,135)
Gain on disposal of investment	(78,015)	(6,950)
Write - down of inventories	-	6,502
Unrealized loss (gain) on foreign currency exchange	2,001,582	(1,788,041)
Loss on redeeming bonds payable	2,504	-
Changes in operating assets and liabilities		
Financial assets held for trading	(17,000)	117,765
Notes receivable	(530)	(30)
Accounts receivable	(2,254,617)	(2,877,601)
Other receivable	(95,998)	(53,552)
Inventories	(1,424,079)	91,359
Other current assets	1,144,525	(848,429)
Financial liabilities held for trading	(21,758)	(11,736)
Notes payable	(58,039)	171,548
Accounts payable	1,267,148	(156,382)
Accounts payable - related parties	228,959	23,190
Other payables	740,163	127,372
Other current liabilities	28,210	(58,522)
Accrued pension liabilities	152	-
Cash generated from operations	23,819,894	12,527,581
Income tax paid	(3,704,288)	(2,789,294)
Net cash generated from operating activities	20,115,606	9,738,287
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit or loss	(20,040)	-
Acquistion of available-for sale financial assets	(31,515)	(1,505,595)
Proceeds from disposal of available-for-sale financial assets	1,037,551	1,923,085
Aquisition of debt investments with no active market	(19,196,000)	(4,824,409)
Proceeds from disposal of debt investments with no active market	16,399,249	9,284,255
Acquisition of investments accounted for using equity method	(2,010)	(234,306)
Proceeds from disposal of investments accounted for using equity method	79,172	-

(Continued)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2013	2012
Net cash paid for disposal of subsidiaries	$ -	$ (556)
Acquisition of property, plant and equipment	(9,629,360)	(8,396,370)
Proceeds from disposal of property, plant and equipment	26,532	18,439
Increase in refundable deposits	(4,157)	(5,356)
Decrease in refundable deposits	18,431	242
Acquisition of intangible assets	(47,446)	(6,071)
Increase in other non-current assets	(851)	(784)
Increase in prepayments for lease	(63,918)	(301,789)
Interest received	706,164	643,492
Net cash used in investing activities	(10,728,198)	(3,405,723)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	59,599,342	67,433,256
Decrease in short-term borrowings	(68,535,659)	(58,984,087)
Repayment of bonds	(50,854)	-
Proceeds from long-term borrowings	2,178,364	1,430,851
Repayment of long-term borrowings	(4,927,490)	(2,251,837)
Increase in guarantee deposits received	136,705	463,382
Decrease in guarantee deposits received	(200,740)	(308,890)
Interest paid	(248,895)	(256,561)
Payment of cash dividends	(4,504,219)	(3,753,496)
Decrease in non-controlling interests	(32,373)	(25,299)
Net cash generated from (used in) financing activities	(16,585,819)	3,747,319
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	1,177,238	(222,200)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,021,173)	9,857,683
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	45,399,535	35,541,852
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 39,378,362	$ 45,399,535

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

(With Deloitte & Touche audit report dated February 6, 2014) (Concluded)

1. GENERAL INFORMATION

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

The Company's shares were listed and traded on the Taiwan GreTai Securities Market from November 1999 until September 2001 when the Company listed its shares on the Taiwan Stock Exchange (TSE) under stock number "2474" and ceased to be OTC traded.

The Company issued unsecured convertible bonds which are traded on the Taiwan GreTai Securities Market since December 2009 and April 2011. Since all the unsecured convertible bonds issued in 2009 had been converted into common stocks, those unsecured convertible bonds were stopped being traded on the Taiwan Gre Tai Securities Market in July 2012.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on February 6, 2014.

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

a. New, amended and revised standards and interpretations (the "New IFRSs") in issue but not yet effective

   The Company and entities controlled by the Company (the "Group") have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. As of the date that the consolidated financial statements were authorized for issue, the Financial Supervisory Commission (the "FSC") has not announced the effective dates for the following new, amended and revised standards and interpretations (the "New IFRSs"). On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") included in the 2013 IFRSs version.

	Effective Date Announced by IASB (Note 1)
<u>The New IFRSs included in the 2013 IFRSs version not yet endorsed by the FSC</u>	
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013
<u>The New IFRSs not included in the 2013 IFRSs version</u>	
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Effective date not determined
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Effective date not determined
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

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

b. Significant impending changes in accounting policy resulted from New IFRSs in issue but not yet effective

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Recognition and measurement of financial liabilities

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

2) New and revised standards on consolidation, joint arrangement, and associates and disclosure

a) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) IFRS 13 "Fair Value Measurement"

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

4) Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

5) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

6) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 "Share-Based Payment", IFRS 3 "Business Combinations" and IFRS 8 "Operating Segments" were amended in this annual improvement.

The amended IFRS 2 changes the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

7) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 “Investment Property” were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

c. Significant impending changes in accounting policy resulted from the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers in issue but not yet effective

As of the date that the consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the above standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the “Framework for the Adoption of IFRSs by the Companies in the ROC.” In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (the “IFRSs”) endorsed by the FSC.

The Group’s consolidated financial statements for the years ended December 31, 2013 is its first IFRS consolidated financial statements. The date of transition to IFRSs was January 1, 2012. Refer to Note 38 for the impact of IFRS conversion on the Group’s consolidated financial statements.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 38.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2) Subsidiary included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31, 2013	% of Ownership December 31, 2012	% of Ownership January 1, 2012	Remark
Catcher Technology Co., Ltd.	Nanomag International Co., Ltd.	Investing activities	100	100	100	
	Gigamag Co., Ltd.	Investing activities	100	100	100	
	Kryokey Co., Ltd.	Research and development	-	-	30	(a)
	Amity Capital Inc.	Investing activities	100	100	100	
	I-Catcher Optoelectronics Corp.	Manufacturing and selling molds and electronic parts	100	99.8	99.8	(b)
Nanomag International Co., Ltd.	Castmate International Co., Ltd.	Investing activities	100	100	100	
	Gemini International Co., Ltd.	Investing activities	100	100	100	
	Stella International Co., Ltd.	Investing activities	100	100	100	
	Uranus International Co., Ltd.	Investing activities	100	100	100	
	Artery Co., Ltd.	Investing activities	100	100	100	
	Aquila International Co., Ltd.	Investing activities	75	75	75	
	Grus International Co., Ltd.	Investing activities	100	100	100	
	Draco International Co., Ltd.	Investing activities	-	-	100	(c)
	Neat International Co., Ltd.	Investing activities	-	-	100	(d)
Castmate International Co., Ltd.	Castmate International Pte. Ltd.	Investing activities	-	-	100	(e)
	Cygnus International Co., Ltd.	Investing activities	100	100	100	
Cygnus International Co., Ltd.	Catcher Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	100	
	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	100	
Gemini International Co., Ltd.	Cetus International Co., Ltd.	Investing activities	-	-	70	(f)
Cetus International Co., Ltd.	WIT Technology (Taizhou) Co., Ltd.	Researching, developing and manufacturing electronic parts	-	-	100	(f)
Stella International Co., Ltd.	Norma International Pte. Ltd.	Investing activities	-	-	100	(e)
	Lyra International Co., Ltd.	Investing activities	100	100	100	
Lyra International Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	100	
	Topo Technology (Taizhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	-	(g)
Uranus International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	100	
	Vito Technology (Suqian) Co., Ltd.	Manufacturing, selling and developing varied metal products	100	100	-	(h)

(Continued)

Investor	Investee	Main Business	% of Ownership December 31, 2013	December 31, 2012	January 1, 2012	Remark
Artery Co., Ltd.	Catcher Technology Phils Inc.	Manufacturing, selling and developing varied metal products	100	100	100	
Aquila International Co., Ltd.	Saturn International Pte. Ltd.	Investing activities	-	-	100	(e)
	Cepheus International Co., Ltd.	Investing activities	100	100	100	
Cepheus International Co., Ltd.	Aquila Technology (Suzhou) Co., Ltd.	Manufacturing and selling molds and electronic parts	100	100	100	
Grus International Co., Ltd.	Sagitta International Co., Ltd.	Investing activities	95	95	93	(i)
Gigamag Co., Ltd.	Hoppi Co., Ltd.	International trade	100	100	100	
	Avatar Co., Ltd.	International trade	100	100	100	
	Leo Co., Ltd.	International trade	100	100	100	
	Orion Co., Ltd.	International trade	100	100	100	

(Concluded)

a) The chairman of Kryokey Co., Ltd. ("Kryokey") is also the chairman of the Company and the Company has effective control over financing, operating and personnel matters of Kryokey; therefore, Kryokey became a consolidated entity. However, in their casual meeting, the stockholders decided to dissolve Kryokey. Kryokey was liquidated in December 2012.

b) The Company purchased 1,000 shares of I-Catcher Optoelectronics Corporation from non-related parties by NT$10,000. Therefore, the ownership increased to 100%.

c) Draco International Co., Ltd. was liquidated and dissolved in August 2012.

d) Neat International Co., Ltd. was liquidated and dissolved in December 2012.

e) Castmate International Pte. Ltd., Norma International Pte. Ltd. and Saturn International Pte. Ltd. were liquidated in August 2012 and dissolved in April 2013.

f) Cetus International Co., Ltd. had decided to dissolve WIT Technology in February 2012, and WIT Technology was liquidated in June 2012. Besides, Cetus International Co., Ltd. was liquidated and dissolved in January 2013.

g) Lyra International Co., Ltd. incorporated Topo Technology (Taizhou) Co., Ltd. (a 100% owned subsidiary) in June 2012 in China.

h) Uranus International Co., Ltd. incorporated Vito Technology (Suqian) Co., Ltd. (a 100% owned subsidiary) in July 2012 in China.

i) In August 2012, Grus increased investment in Sagitta by NT$232,206 thousand (US$7,747 thousand) at a percentage different from current percentage of ownership in the investee. The ownership increased from 93% to 95%, with a corresponding amount credited to capital surplus, the amount was NT$1,464 thousand.

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries and associates in other countries currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, merchandise, finished goods, semi-finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

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

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

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Derecognition of intangible assets

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

k. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a settlement date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

ii Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

iii Loans and receivables

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

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as accounts receivable, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; breach of contract, such as a default or delinquency in interest or principal payments; it becoming probable that the borrower will enter bankruptcy or financial re-organization; the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, the impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of account receivables where the carrying amount is reduced through the use of an allowance account. When a account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible account receivables that are written off again the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income in equity is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

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

3) Financial liabilities

a) Subsequent measurement

Except for the financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 31.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid , including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enter into a variety of derivative financial instruments to manage it exposure to foreign exchange rate risk, mainly including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

m. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and recognizes a liability for returns based on previous experience and other relevant factors.

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3) The amount of revenue can be measured reliably;

4) It is probable that the economic benefits associated with the transaction will flow to the Group; and

5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

Sales of goods are recognized when goods are delivered and title has been passed.

n. Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

3) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, lease interest of land under operating leases is amortized over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

o. Borrowing costs

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

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

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

p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant asset and recognized in profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

q. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method. All actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

r. Taxation

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

1) Current tax

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

Adjustments of prior years' tax liabilities are added to or deducted from the current years' tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies as described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimated impairment of account receivables

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

Useful lives of property, plant and equipment

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

Income taxes

As of December 31, 2013, December 31, 2012, and January 1, 2012, the Company’s management resolved that the unappropriated retained earnings of overseas subsidiaries as of December 31, 2013 will be used for permanent investment to support subsidiaries’ operating fund; this was approved by the board of directors on February 6, 2014. Therefore, no deferred income tax liabilities were recognized on the subsidiaries’ unappropriated earnings. If the retained earning of overseas subsidiaries will be appropriated in the future, a material recognition of deferred tax liability may arise, which would be recognized in profit or loss for the period in which such appropriation takes place.

6. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 6,728	$ 3,515	$ 3,186
Savings accounts in the banks	5,402,285	10,019,214	9,576,745
Cash Equivalents			
Time deposits with original maturities less than three months	33,307,068	34,733,177	25,297,371
Repurchase agreements	662,281	643,629	661,586
Travel check	-	-	2,964
	$ 39,378,362	$ 45,399,535	$ 35,541,852

The range of interest rates of time deposit and repurchase agreements were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Time deposit	0.07% - 4.13%	0.32% - 4.51%	0.01% - 5.19%
Repurchase agreements	1.30% - 1.50%	1.30% - 1.50%	1.30% - 1.50%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets at FVTPL- current			
Financial assets designated as at FVTPL			
Convertible bonds	$ 20,640	$ -	$ -
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	-	-	117,765
Put and call option for convertible bonds	1,447	-	-
	$ 22,087	$ -	$ 117,765
Financial liabilities at FVTPL - current			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	$ -	$ -	$ 1,468
Put and call option for convertible bonds	-	37,772	48,040
	$ -	$ 37,772	$ 49,508

At the end of reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

December 31, 2013 and 2012

There was no outstanding foreign exchange forward contract as of December 31, 2013 and 2012.

January 1, 2012

	Currency	Maturity Period	Contract Amount (In Thousands)
Sell	US$/NT$	2012.1~2012.3	US$ 20,000/NT$ 604,542
Sell	US$/RMB	2012.1~2012.7	US$255,000/RMB 1,628,586

The Group entered into foreign exchange forward contracts during 2012 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Mutual funds	$ -	$ 882,881	$ 1,285,178
Listed convertible bonds	49,975	54,480	58,143
	$ 49,975	$ 937,361	$ 1,343,321
Non-current			
Private-placement domestic of listed shares	$ -	$ 84,446	$ 68,230
Emerging market shares	-	15,388	11,893
	$ -	$ 99,834	$ 80,123

In April 2013, the Company disposed of the investment in Giantplus Technology Co., Ltd (Giantplus) for NT$94,564 thousand (NT$9.3 per share). The gains of this disposal was NT$5,427 thousand and recognized as non-operating income and expenses-other gains and losses.

In August 2013, Asia Pacific Telecom Co., Ltd. listed its shares on the Taiwan Stock Exchange (TSE) from emerging market.

In October 2013, the Company disposed of the investment in Asia Pacific Telecom Co., Ltd. for NT$21,704 thousand. The gains of this disposal was NT$6,316 thousand and recognized as non-operating income and expenses-other gains and losses.

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Time deposits with original maturity more than 3 months	$ 3,192,697	$ 326,080	$ 4,655,979
Non-current			
Time deposits with original maturity more than 3 months	$ -	$ -	$ 244,698
The range of interest rates	0.85% - 3.30%	0.48% - 3.30%	0.45% - 3.85%

Refer to Note 33 for information relating to debt investments with no active market pledged as security.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31, 2013	December 31, 2012	January 1, 2012
Notes receivable			
Notes receivable - operating	$ 560	$ 30	$ -
Accounts receivable			
Accounts receivable - operating	$ 17,518,034	$ 15,186,206	$ 12,331,275
Less: Allowance for impairment loss	13,243	12,980	8,438
	$ 17,504,791	$ 15,173,226	$ 12,322,837

The average credit period on sales of goods was 30 to 180 days. Allowance for impairment loss were based on estimated irrecoverable amounts individually determined by reference to an analysis of their current financial position.

For the accounts receivable balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was not a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

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

	December 31, 2013	December 31, 2012	January 1, 2012
91 to 120 days	$ -	$ 447,031	$ 11,526
121 to 150 days	63	-	-
151 to 180 days	77,728	803	3,982
181 to 240 days	2,244	8,693	4,154
More than 241 days	10,657	4,622	43,803
	$ 90,692	$ 461,149	$ 63,465

Movement in the allowance for impairment loss recognized on accounts receivable was as follows:

	Year Ended December 31	
	2013	2012
Balance at January 1	$ 12,980	$ 8,438
Impairment losses recognized on receivables	-	4,659
Effect of exchange rate changes	263	(117)
Balance at December 31	$ 13,243	$ 12,980

Accounts receivable of the Group's concentration of credit risk were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Custom A	$ 4,426,781	$ -	$ -
Custom B	3,182,890	2,309,064	-
Custom C	3,170,420	4,099,246	2,265,861
Custom D	2,187,521	1,239,358	3,085,217
Custom E	1,838,494	3,556,265	1,405,174

11. INVENTORIES

	December 31, 2013	December 31, 2012	January 1, 2012
Merchandise	$ 44,834	$ 33,759	$ 11,148
Finished goods	1,789,684	794,184	837,556
Work in process and semi - finished goods	1,337,452	1,200,323	1,282,307
Raw materials and supplies	701,203	420,828	406,869
	$ 3,873,173	$ 2,449,094	$ 2,537,880

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2013 and 2012 was NT$24,927,960 thousand and NT$20,987,914 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2012 included inventory write-downs of NT$6,502 thousand.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates	December 31, 2013	December 31, 2012	January 1, 2012
Listed companies			
Epileds Technology Inc. ("Epileds")	$ 142,973	$ 142,517	$ 140,425
Sinher Technology Co., Ltd. ("Sinher")	524,881	-	-
Unlisted companies			
Chaohu Yunhai Magnesium Co., Ltd. ("Chaohu Yunhai")	999,897	1,004,046	801,523
Sinher Technology Co., Ltd. ("Sinher")	-	435,635	360,159
Kon-Cheng Accuracy Co., Ltd. (Kon-Cheng)	60,852	49,600	53,079
Yue-Kang Heath Control Technology Inc. ("Yue-Kang")	2,080	1,927	1,056
	$ 1,730,683	$ 1,633,725	$ 1,356,242

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Epileds	7.3%	7.3%	7.3%
Sinher	22.8%	27.2%	27.3%
Chaohu Yunhai	49%	49%	49%
Kon-Cheng	40%	40%	40%
Yue-Kang	40%	40%	40%

The Group can exercise significant influence over Epileds because the chairman of the Group was elected as the chairman of Epileds and the Company appointed two out of the seven directors of that company.

In May 2013, the Company subscribed for newly issued shares of Sinher at a percentage different from its pre-subscription percentage of ownership and also disposed of some stocks of Sinher. Therefore, the ownership decreased to 24.3% and the Company credited to capital surplus the amount of NT$54,843 thousand. Besides, the Company disposed of some stocks of Epileds during 2013; thus, the ownership decreased to 22.8%.

Fair values of investments in associates for which there are published price quotation are summarized as follows, based on the closing price of those investments at the balance sheet date. Sinher listed its shares on Taiwan Stock Exchange (TSE) from June, 2013.

	December 31, 2013	December 31, 2012	January 1, 2012
Epileds	$ 175,964	$ 173,760	$ 195,067
Sinher	$ 1,010,597	$ -	$ -

The summarized financial information in respect of the Group's associates is set out below:

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	$ 10,209,878	$ 7,773,480	$ 6,684,589
Total liabilities	$ 3,749,007	$ 2,026,161	$ 1,660,174

	Year Ended December 31	
	2013	2012
Revenue	$ 5,088,273	$ 3,794,781
Profit for the year	$ 352,006	$ 482,748
Other comprehensive income (loss)	$ 23,394	$ (31,590)

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2013 and 2012 were based on the associates' financial statements audited by auditors for the same years.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Furniture and fixtures	Miscellaneous equipment	Leasehold improvement	Construction in progress and equipment to be inspected	Total
Cost									
Balance at January 1, 2012	$ 1,752,262	$ 7,099,927	$ 26,714,711	$ 66,456	$ 731,270	$ 642,677	$ 8,991	$ 468,436	$ 37,484,730
Additions	-	434,881	4,189,534	16,820	247,665	142,479	141	1,809,901	6,841,421
Disposals	-	(99,342)	(51,900)	(1,523)	(7,288)	(58,364)	-	-	(218,417)
Reclassification	427,062	648,114	1,426,249	-	-	22,935	-	(506,367)	2,017,993
Effect of foreign currency exchange differences	-	(257,276)	(3,673,869)	(5,777)	(52,757)	(31,132)	(348)	(47,327)	(4,068,486)
Balance at December 31, 2012	$ 2,179,324	$ 7,826,304	$ 28,604,725	$ 75,976	$ 918,890	$ 718,595	$ 8,784	$ 1,724,643	$ 42,057,241
Accumulated depreciation									
Balance at January 1, 2012	$ -	$ 1,697,020	$ 7,064,900	$ 41,252	$ 417,283	$ 328,783	$ 6,964	$ -	$ 9,556,202
Depreciation	-	(99,341)	(30,970)	(1,392)	(3,615)	(73,795)	-	-	(209,113)
Disposals	-	517,229	3,410,580	11,589	136,887	153,714	528	-	4,230,527
Effect of foreign currency exchange differences	-	(66,174)	(2,221,340)	(5,000)	(34,498)	(7,945)	(275)	-	(2,335,232)
Balance at December 31, 2012	$ -	$ 2,048,734	$ 8,223,170	$ 46,449	$ 516,057	$ 400,757	$ 7,217	$ -	$ 11,242,384
Carrying amounts at January 1, 2012	$ 1,752,262	$ 5,402,907	$ 19,649,811	$ 25,204	$ 313,987	$ 313,894	$ 2,027	$ 468,436	$ 27,928,528
Carrying amounts at December 31, 2012	$ 2,179,324	$ 5,777,570	$ 20,381,555	$ 29,527	$ 402,833	$ 317,838	$ 1,567	$ 1,724,643	$ 30,814,857
Cost									
Balance at January 1, 2013	$ 2,179,324	$ 7,826,304	$ 28,604,725	$ 75,976	$ 918,890	$ 718,595	$ 8,784	$ 1,724,643	$ 42,057,241
Additions	-	361,917	3,328,997	8,516	411,825	172,047	289	2,848,627	7,132,218
Disposals	-	(268,645)	(55,947)	(8,136)	(23,662)	(46,121)	-	-	(402,511)
Reclassification	-	1,736,120	2,101,645	-	-	27,856	-	(1,744,764)	2,120,857
Effect of foreign currency exchange differences	-	252,529	319,220	3,698	55,220	23,237	514	111,126	765,544
Balance at December 31, 2013	$ 2,179,324	$ 9,908,225	$ 34,298,640	$ 80,054	$ 1,362,273	$ 895,614	$ 9,587	$ 2,939,632	$ 51,673,349
Accumulated depreciation									
Balance at January 1, 2013	$ -	$ 2,048,734	$ 8,223,170	$ 46,449	$ 516,057	$ 400,757	$ 7,217	$ -	$ 11,242,384
Depreciation	-	(268,295)	(41,105)	(7,565)	(23,440)	(46,121)	-	-	(386,526)
Disposals	-	669,081	4,158,380	9,508	161,501	173,887	545	-	5,172,902
Effect of foreign currency exchange differences	-	119,626	577,776	2,020	29,800	11,798	429	-	741,449
Balance at December 31, 2013	$ -	$ 2,569,146	$ 12,918,221	$ 50,412	$ 683,918	$ 540,321	$ 8,191	$ -	$ 16,770,209
Carrying amounts at December 31, 2013	$ 2,179,324	$ 7,339,079	$ 21,380,419	$ 29,642	$ 678,355	$ 355,293	$ 1,396	$ 2,939,632	$ 34,903,140

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

Building	
Main building	20 - 50 years
Mechanical and electrical power equipment	2 - 5 years
Engineering systems	2 - 8 years
Machinery and equipment	2 - 10 years
Transportation equipment	5 years
Furniture and fixtures	2 - 10 years
Miscellaneous equipment	2 - 15 years
Leasehold improvements	4 - 5 years

Refer to Note 33 for the carrying amount of property, plant and equipment pledged by the Group to secure bank loans granted to the Group.

14. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2012, and December 31, 2012	$ 203,363	$ 155,225	$ 358,588
Accumulated depreciation			
Balance at January 1, 2012	$ -	$ 87,512	$ 87,512
Depreciation expense	-	5,627	5,627
Balance at December 31, 2012	$ -	$ 93,139	$ 93,139
Carrying amounts at January 1, 2012	$ 203,363	$ 67,713	$ 271,076
Carrying amounts at December 31, 2012	$ 203,363	$ 62,086	$ 265,449
Cost			
Balance at January 1, 2013, and December 31, 2013	$ 203,363	$ 155,225	$ 358,588
Accumulated depreciation			
Balance at January 1, 2013	$ -	$ 93,139	$ 93,139
Depreciation expense	-	5,618	5,618
Balance at December 31, 2013	$ -	$ 98,757	$ 98,757
Carrying amounts at December 31, 2013	$ 203,363	$ 56,468	$ 259,831

The investment properties held by the Group were depreciated over their estimated useful lives, using the straight-line method:

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

The fair value of the Company's investment properties as of December 31, 3013, December 31, 2012 and January 1, 2012 was $413,462 thousand. The fair value had been arrived at on the basis of a valuation carried out at that date by CCIS Real Estate Appraisers Firm, independent qualified professional values not connected to the Group. The fair value of land was measured using the sales comparison approach and income approach; the fair value of buildings was measured using the cost comparison approach. Since the valuation of land was measured by comparing with the market value in last year and there was no huge movement of rents and the usage of the buildings during this period, neither was the fair value of the investment properties.

Refer to Note 33 for the carrying amount of investment property pledged by the Group to secure bank loans granted to the Group.

15. OTHER INTANGIBLE ASSETS

	Computer software
Cost	
Balance at January 1, 2012	$ 210,707
Additions	6,071
Effect of foreign currency exchange differences	(7,312)
Balance at December 31, 2012	$ 209,466
Accumulated amortization	
Balance at January 1, 2012	$ 109,082
Amortization expense	25,421
Effect of foreign currency exchange differences	(4,006)
Balance at December 31, 2012	$ 130,497
Carrying amounts at January 1, 2012	$ 101,625
Carrying amounts at December 31, 2012	$ 78,969
Cost	
Balance at January 1, 2013	$ 209,466
Additions	47,446
Effect of foreign currency exchange differences	11,470
Balance at December 31, 2013	$ 268,382
Accumulated amortization	
Balance at January 1, 2013	$ 130,497
Amortization expense	28,361
Effect of foreign currency exchange differences	6,969
Balance at December 31, 2013	$ 165,827
Carrying amounts at December 31, 2013	$ 102,555

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

16. PREPAYMENTS FOR LEASE OBLIGATIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Current asset	$ 17,812	$ 15,601	$ 10,889
Non-current asset	770,070	682,315	419,102
	$ 787,882	$ 697,916	$ 429,991

In April 2000, the Company obtained the usage right of the land on which its buildings are situated under an agreement with Taiwan Sugar Corporation which will expire in 2050. The annual rental is 10% of the government appraised price of the land. The Company is required to pay for the land use right every twenty years, as determined by the government. As of December 31, 2103, December 31, 2012 and January 1, 2012, prepaid lease payments include land use right with carrying amount of NT$ 6,847 thousand, NT$ 7,928 thousand and NT$ 9,009 thousand, respectively.

Catcher Suzhou, Topo Suzhou and Meeca Suzhou obtained the usage rights on the land on which their buildings stand under agreements with the Suzhou Industrial Park, Catcher Suqian and Vito Suqian obtained the usage rights on the land on which their buildings stand under agreements with the Suzhou Suqian Industrial Park , and Topo obtained the usage rights on the land on which their buildings stand under agreements with the Bureau of Land Resources Taizhou which will expire in succession before 2082. The rights were paid in the year the agreement was signed. As of December 31, 2103, December 31, 2012 and January 1, 2012, prepaid lease payments include land use right with carrying amount of NT$781,035 thousand, NT$689,988 thousand and NT$420,982 thousand, respectively, which are located in Mainland China.

17. OTHER ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
VAT retained	$ 615,725	$ 1,553,066	$ 695,240
Prepayments to suppliers	58,977	38,996	215,095
Refundable deposits	9,419	11,923	7,921
Others	212,502	441,892	286,247
	$ 896,623	$ 2,045,877	$ 1,204,503
Non-current			
Prepaid equipment	$ 862,517	$ 564,657	$ 854,275
Refundable deposits	8,058	18,501	18,341
Others	851	-	10,243
	$ 871,426	$ 583,158	$ 882,859

18. BORROWINGS

a. Short-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Secured borrowings			
Bank secured loans	$ 2,682,450	$ 19,400,999	$ 5,026,302
Unsecured borrowings			
Bank unsecured loans	13,473,205	5,038,800	6,357,750
Bank usance letters of credit	-	-	5,656,139
	13,473,205	5,038,800	12,013,889
	$ 16,155,655	$ 24,439,799	$ 17,040,191

Annual interest rate of short-term borrowings as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Bank secured loans	1.2% - 2.31%	0.71% - 1.8%	0.5544% - 1.25%
Bank unsecured loans	0.91% - 1.85%	1.091% - 1.56%	0.888% -2.41%
Bank usance letters of credit	-	-	0.5893% - 1.35%

b. Long-term borrowings

	December 31, 2013	December 31, 2012	January 1, 2012
Secured borrowings (Note 33)			
Bank mortgage loans	$ 1,000,000	$ 1,606,667	$ 2,306,667
Unsecured borrowings			
Bank loans	-	2,095,625	2,617,340
	1,000,000	3,702,292	4,924,007
Less: current portion	1,000,000	839,417	953,255
	$ -	$ 2,862,875	$ 3,970,752

Long-term borrowings of the Group including:

	Mature date	Repaying conditions	Annual interest rates	December 31, 2013	December 31, 2012	January 1, 2012
Floating - rates bank borrowings:						
Bank unsecured loans in JPY	May 2014	Repayable in May 2014	1.	$ -	$ 1,036,041	$ 2,545,870
Bank secured loans in NTD	April 2014	Repayable in April 2014	2.	1,000,000	1,000,000	1,000,000
Bank secured loans in NTD	August 2013	Repayable in 48 equal monthly installments starting September 2009	3.	-	156,667	406,667
Bank secured loans in NTD	December 2013	Repayable in 48 equal monthly installments starting January 2010	4.	-	450,000	900,000
Bank unsecured loans in JPY	May 2014	Repayable in May 2014	5.	-	1,059,584	-
Bank unsecured loans in NTD	February 2012	Repayable in February 2012	6.	-	-	71,470
				$ 1,000,000	$ 3,702,292	$ 4,924,007

1) Repaid the loan earlier in May 2013 in full, interest rate at 0.53371% - 0.68229% and 0.53844% - 0.9975%, as of December 31, 2012 and January 1, 2012, respectively.

2) Interest rate at 1.254%, 1.253% and 1.244%, as of December 31, 2013, December 31, 2012 and January 1, 2012 , respectively.

3) Interest rate at 1.086% and 1.055%, s of December 31, 2012 and January 1, 2012, respectively.

4) Interest rate at 1.088% and 1.061%, s of December 31, 2012 and January 1, 2012, respectively.

5) Repaid the loan earlier in June 2013, interest rate at 0.89085% - 0.91285%.

6) Interest rate at 0.73906%.

19. BONDS PAYABLE

	December 31, 2013	December 31, 2012	January 1, 2012
First Domestic Unsecured Bond	$ -	$ -	$ 6,218
Second Domestic Unsecured Bond	3,492,625	3,487,922	3,435,604
	3,492,625	3,487,922	3,441,822
Less: Current portion	3,492,625	3,487,922	-
	$ -	$ -	$ 3,441,822

First Domestic Unsecured Bond

In December 2009, the Company issued five-year (maturity date of December 8, 2014) domestic unsecured convertible bonds at par value of NT$5,000,000 thousand, zero coupon rate and effective interest at 1.5%. Upon maturity, the Company should redeem the remaining bonds at their face value. All of the bonds had been converted into the Company's common shares before June 2012. The bonds were deemed as compound financial instruments. The compound financial instruments were separated and presented as follows:

	January 1, 2012
Liability component	
Unsecured bonds payable	$ 6,500
Deduct: Discount of bonds payable (1.5% effective rate)	282
	$ 6,218
Equity component	
Capital surplus - stock option of convertible bonds	$ 378

Except as provided below, the bondholders are entitled to convert the convertible bonds into common stocks of the Company from next month after the issuance date to ten days before the maturity date. The conversion price was NT$106.73 per share.

Periods restricted for conversion:

a. Period from at least fifteen trading days prior to the non-transferring declaration date of stock dividends, cash dividends or capital increase by cash contribution to the granted date of the distribution of dividends;

b. Period from the granted date of capital reduction to one trading day prior to replacement of old share certificates by new ones;

c. Other stipulated non-transferring periods.

After issuing the bonds, conversion prices should be adjusted if the Company increases capital by contributing cash, stock dividends, capital surplus, employees' bonus, consolidation or acquisition, stock split and issuing of GDR, etc., except stock issued from exercise of conversion option of bonds. The conversion price was adjusted to NT$102.06 per share because of cash dividends for 2011 and 2010.

The bondholders can request the Company to redeem at 101.0025% of par value (0.5% effective rate) on December 8, 2011 (the day after two years from issuance date). The bondholders can exercise put option within one year; therefore the Company reclassified bonds payable as current liability as of December 31, 2010. However, the bondholders had not exercised put option on that day; thus, the Company reclassified bonds payable as noncurrent as of December 31, 2011.

The convertible bonds may be redeemed at par value under the following conditions:

a. Between June 9, 2010 and October 29, 2014, if the closing price of the Company's stock reaches 130% of the conversion price for 30 consecutive trading days.

b. Between June 9, 2010 and October 29, 2014, the outstanding balance is lower than 10% of the original issuance amounts.

As of June 30, 2012, bonds with aggregate face value of NT$5,000,000 thousand had been converted into the Company's common shares as follows:

	January 1, 2012	Year Ended December 31, 2012	December 31, 2012
The total amount of bonds converted	$ 4,993,500	$ 6,500	$ 5,000,000
Less: Common shares at conversion price of NT$103.81	477,085	-	477,085
Less: Common shares at conversion price of NT$102.06	3,997	637	4,634
Premium on conversion	4,512,418	5,863	4,518,281
Add: Capital surplus - stock option of convertible bonds	290,531	378	290,909
Financial liabilities at FVTPL	1,298	-	1,298
Less: Discount of bonds payable	261,335	270	261,605
The portion of issued common stock recognized as capital surplus - bond conversion premium	$ 4,542,912	$ 5,971	$ 4,548,883

The above 48,172 thousand common shares were issued to the bondholders and recorded as common stock amounting to NT$481,719 thousand. The registration process of the above common shares with the government had been completed.

Second Domestic Unsecured Bond

On April 27, 2011, the Company issued five-year (maturity date of April 27, 2016) domestic unsecured convertible bonds at par value of NT$4,500,000 thousand, zero coupon rate and effective interest at 1.2%. Upon maturity, the Company should redeem the remaining bonds at their face value. The bonds were deemed as compound financial instruments. The compound financial instruments were separated and presented as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Liability component			
Unsecured bonds payable	$ 3,617,100	$ 3,667,200	$ 3,667,200
Deduct: Discount of bonds payable (1.2% effective rate)	124,475	179,278	231,596
	$ 3,492,625	$ 3,487,922	$ 3,435,604
Financial assets (liabilities) held for trading: Call and put option	$ 1,447	$ (37,772)	$ (48,040)
Equity component			
Capital surplus - stock option of convertible bonds	$ 212,810	$ 215,758	$ 215,758

Except as provided below, the bondholders are entitled to convert the convertible bonds into common stocks of the Company from next month after the issuance date to ten days before the maturity date. The original conversion price was NT$202 per share.

Periods restricted for conversion:

a. Period from at least fifteen trading days prior to the non-transferring declaration date of stock dividends, cash dividends or capital increase by cash contribution to the granted date of the distribution of dividends;

b. Period from the granted date of capital reduction to one trading day prior to replacement of old share certificates by new ones;

c. Other stipulated non-transferring periods.

After issuing the bonds, conversion prices should be adjusted if the Company increases capital by contributing cash, stock dividends, capital surplus, employees' bonus, consolidation or acquisition, stock split and issuing of GDR, etc., except stock issued from exercise of conversion option of bonds. The conversion price was adjusted to NT$184.22 per share because of cash dividends for 2010 to 2013.

The bondholders can request the Company to redeem at 101.5056% of par value (0.75% effective rate) and 102.2669% on April 27, 2013 (the day after two years from issuance date) and 2014 (the day after three years from issuance date), respectively. The bondholders can exercise put option within one year; therefore, the Company reclassified bonds payable as current liability as of December 31, 2012.

The convertible bonds may be redeemed at par value under the following conditions:

a. Between October 28, 2011 and March 18, 2016, if the closing price of the Company's stock reaches 130% of the conversion price for 30 consecutive trading days.

b. Between October 28, 2011 and March 18, 2016, the outstanding balance is lower than 10% of the original issuance amounts.

In accordance with IAS No. 32, the Company has bifurcated the bonds into a liability component and an equity component.

In the April 2011, the Company recognized NT$264,756 thousand as capital surplus - stock option of convertible bonds.

The Company recognized the related valuation gain of NT$38,758 thousand and NT$10,268 thousand as other gains and losses on consolidate statements of comprehensive income for the year ended December 31, 2013 and 2012, respectively.

In April 2013, the Company redeemed the bonds with face value NT$50,100 thousand, the amount of redemption was NT$ 50,854 and attribute to liability component. The difference between the face value and the redemption was the loss on redemption (included in non-operating income and expenses- other gains and losses); meanwhile, the Company transferred the invalid stock option of NT$2,948 thousand from capital surplus- stock option of convertible bonds to additional paid- in capital from issuance of common shares).

As of December 31, 2013, bonds with aggregate face value of NT$832,800 thousand had been converted into the Company's common shares as follows:

The total amount of bonds converted	$ 832,800
Less: Common shares at conversion price of NT$202	41,227
Premium on conversion	791,573
Add: Capital surplus - stock option of convertible bonds	48,998
Financial liabilities at FVTPL	3,097
Less: Discount of bonds payable	57,184
The portion of issued common stock recognized as capital surplus - bond conversion premium	$ 786,484

As of December 31, 2013, the above 4,123 thousand common shares were issued to the bondholders and recorded as common stock amounting to NT$41,227 thousand. The registration process of the above common shares with the government had been completed.

20. NOTES PAYABLE AND ACCOUNTS PAYABLE

Both notes payable and accounts payable were resulted from operating.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Current			
Other payables			
Payable for purchase of equipment	$ 286,602	$ 396,087	$ 587,360
Salaries or bonus	2,195,191	1,958,575	1,703,421
Bonus to employees	160,255	156,900	193,839
Payable for annual leave	63,858	50,503	44,531
Payable for utilities	29,276	45,229	59,851
Payable for commission fee	33,668	45,382	23,799
Payable for meal	56,695	25,717	64,796
Payable for labor and health insurance	24,659	16,641	18,035
Payable for shipping expenses and warehousing	38,409	27,698	21,300
Payable for interest	8,176	15,538	23,994
Others	768,695	306,699	374,339
	$ 3,665,484	$ 3,044,969	$ 3,115,265
Other liabilities			
Guarantee deposits received	$ 161,497	$ 204,880	$ 39,426
Others	151,463	123,253	181,775
	$ 312,960	$ 328,133	$ 221,201

(Continued)

	December 31, 2013	December 31, 2012	January 1, 2012
Non-Current			
Other liabilities			
Guarantee deposits received	$ 6,764	$ 16,224	$ 31,485

(Concluded)

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The Company adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate	2.000%	1.625%	1.75%
Expected return on plan assets	2.000%	1.875%	2.00%
Expected rate of salary increase	2.375%	1.875%	2.00%

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	For the Year Ended December 31	
	2013	2012
Current service cost	$ 2,123	$ 2,043
Interest cost	1,171	974
Expected return on plan assets	(1,307)	(1,335)
	$ 1,987	$ 1,682

(Continued)

	For the Year Ended December 31	
	2013	2012
An analysis by function		
Operating cost	$ 1,326	$ 1,291
Selling and marketing expenses	81	91
General and administration expenses	258	246
Research and development expenses	322	54
	$ 1,987	$ 1,682

(Concluded)

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012 was NT$2,073 thousand and NT$14,064 thousand, respectively. The cumulative amount of actuarial losses recognized in other comprehensive income as of December 31, 2013 and 2012 was NT$11,991 thousand and NT$14,064 thousand, respectively.

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ (71,637)	$ (72,059)	$ (55,665)
Fair value of plan assets	70,783	68,653	65,908
Net assets (liability) arising from defined benefit obligation	$ (854)	$ (3,406)	$ 10,243

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$ 72,059	$ 55,665
Current service cost	2,123	2,043
Interest cost	1,170	974
Actuarial losses (gains)	(3,127)	13,377
Benefits paid	(588)	-
Closing defined benefit obligation	$ 71,637	$ 72,059

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2013	2012
Opening fair value of plan assets	$ 68,653	$ 65,908
Expected return on plan assets	1,307	1,336
Gain (loss) on the plan assets	(424)	(687)
Contributions from the employer	1,835	2,096
Benefits paid	(588)	-
Closing fair of plan assets	$ 70,783	$ 68,653

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31, 2013	December 31, 2012	January 1, 2012
Self-utilization			
Deposits in financial institution	22	22	24
Short-term bills	4	11	8
Government, financial or corporate bonds and securization products	10	11	11
Overseas investment	13	10	8
Others	8	9	10
Domestic delegated management	21	21	23
Overseas delegated management	22	16	16
	100	100	100

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return which should not be below the interest rate for a 2-year time deposit with local banks.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (Refer to note 38):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ (71,637)	$ (72,059)	$ (55,665)
Fair value of plan assets	$ 70,783	$ 68,653	$ 65,908
Surplus (Deficit)	$ (854)	$ (3,406)	$ 10,243
Experience adjustments on plan liabilities	$ 3,716	$ (15,077)	$ -
Experience adjustments on plan assets	$ (1,273)	$ (315)	$ -

23. EQUITY

a. Share capital

1) Ordinary shares

	December 31, 2013	December 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	$ 1,000,000	$ 1,000,000	$ 1,000,000
Shares authorized	$ 10,000,000	$ 10,000,000	$ 10,000,000
Number of shares issued and fully paid (in thousands)	$ 750,703.1	$ 750,703.1	$ 750,639.4
Shares issued	$ 7,507,031	$ 7,507,031	$ 7,506,394

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

23,000 thousand shares of the Company's shares authorized was reserved for the issuance of employee share options.

2) Global depositary receipts

In June 2011, the Company increased its capital by listing its shares in the form of Global Depositary Receipts ("GDRs"). Each GDR was issued at US$32.84 and represented 5 common shares. The issued units of GDRs were 6,700 thousand units representing 33,500 thousand common shares. The registration process had been completed.

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the end of the year ended 2013 and 2012, for each class of capital surplus was as follows:

	Share Premium	Bond conversion premium	Stock option	Changes in share from investment in associates accounted for by using equity method	Total
Balance at January 1, 2012	$ 7,457,347	$ 9,239,097	$ 216,136	$ 3,746	$ 16,916,326
Bond conversion	-	5,971	(378)	-	5,593
Adjustment of investments accounted for by using equity method	-	-	-	2,198	2,198
Balance at December 31, 2012	7,457,347	9,245,068	215,758	5,944	16,924,117
Bonds redemption	2,948	-	(2,948)	-	-
Adjustment of investments accounted for by using equity method	-	-	-	50,339	50,339
Balance at December 31, 2013	$ 7,460,295	$ 9,245,068	$ 212,810	$ 56,283	$ 16,974,456

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares and conversion of bonds) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

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

c. Retained earnings and dividend policy

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

1) Offset against deficit, if any;

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

3) Special reserve may be appropriated as required;

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

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

For the years ended December 31, 2013 and 2012, the bonus to employees was NT$124,211 thousand and NT$99,034 thousand representing 1% of net income (net of the bonus to employees and bonus to directors and supervisors). The bonus to directors and supervisors was NT$13,070 thousand and NT$6,785 thousand estimated based on the actual amounts of prior year appropriation. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the fair value of the shares. The fair value of the shares refer to the closing price (after considering the effect of cash and stock dividends) of the shares on the day immediately preceding the stockholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of cash flow hedge) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the company has earnings and the original need to appropriate a special reserve is not eliminated. (Please refer to section d. Special reserves appropriated following first-time adoption of IFRSs)

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The appropriations of earnings for 2012 and 2011 had been approved in the stockholders' meetings on June 13, 2013 and 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share	
	2012	**2011**	**2012**	**2011**
Legal reserve	$ 1,089,048	$ 1,067,723		
Special reserve	-	(858,793)		
Cash dividends	4,504,219	3,753,496	$ 6	$ 5

Bonuses to employees and the remuneration to directors and supervisors for 2012 and 2011 approved in the stockholders' meetings on June 13, 2013 and 2012, respectively, were as follows:

	Year Ended December 31			
	2012		2011	
	Cash	**Stock**	**Cash**	**Stock**
Bonus to employees	$ 99,034	$ -	$ 106,772	$ -
Remuneration to directors and supervisors	6,785	-	3,085	-

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"),, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the stockholders' meetings in 2013 and 2012 and the amounts recognized in the financial statements for the years ended December 31, 2012 and 2011.

As of February 6, 2014, the board of directors had not proposed appropriations of earnings for 2013.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors or approved by the stockholders' meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves appropriated following first-time adoption of IFRSs

The Company's special reserves appropriated following first-time adoption of IFRSs were as follows:

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Special reserve	$ 2,377,902	$ 2,377,902	$ 2,377,902

The Company appropriated for special reserve, the amounts that were the same as the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were NT$11,019 thousand and NT$2,366,883 thousand, respectively.

e. Others equity items

1) Exchange differences on translating foreign operations

	Year Ended December 31	
	2013	2012
Balance at January 1	$ (1,990,002)	$ -
Exchange differences arising on translating the foreign operations	2,780,524	(1,981,403)
Share of exchange difference of associates accounted for using the equity method	6,634	(8,599)
Balance at December 31	$ 797,156	$ (1,990,002)

2) Unrealized gain (loss) on available-for-sale financial assets

	Year Ended December 31	
	2013	2012
Balance at January 1	$ 50,744	$ 249
Unrealized gain arising on revaluation of available-for-sale financial assets	(187)	57,445
Cumulative (gain) loss reclassified to profit or loss on sale of available-for-sale financial assets	(36,480)	(6,950)
Balance at December 31	$ 14,077	$ 50,744

24. REVENUE

	Year Ended December 31	
	2013	2012
Revenue from the sale of goods	$ 43,225,982	$ 37,010,625
Rental income from property	19,568	18,173
	$ 43,245,550	$ 37,028,798

25. PROFIT BEFORE INCOME TAX

The details of profit before tax were as follows:

a. Other income

	Year Ended December 31	
	2013	2012
Government grants	$ 290,733	$ 148,685
Recycling income	62,280	11,425
Others	288,209	106,850
	$ 641,222	$ 266,960

b. Other gains and losses

	Year Ended December 31	
	2013	2012
Net gain(loss) arising on financial assets and liabilities at FVTPL	$ 39,358	$ (5,953)
Gain on disposal of investments	78,015	6,950
Others	(4,352)	(11,449)
	$ 113,021	$ (10,452)

c. Interest expense

	Year Ended December 31	
	2013	2012
Interest on bank loans	$ 254,345	$ 265,548
Interest on convertible bonds	52,593	52,330
Total interest expense for financial liabilities measured at amortized cost	306,938	317,878
Less: Amounts included in the cost of qualifying assets	15,525	15,332
	$ 291,413	$ 302,546

Information about capitalized interest was as follows:

	Year Ended December 31	
	2013	2012
Capitalized interest	$ 15,525	$ 15,332
Capitalization rate	1.4209% - 1.82%	1.146% - 1.557%

d. Depreciation and amortization

	Year Ended December 31	
	2013	2012
Property, plant and equipment	$ 5,172,902	$ 4,230,527
Investment property	5,618	5,627
Intangible assets and prepayments for lease	46,691	38,931
Total	$ 5,225,211	$ 4,275,085
An analysis of depreciation by function		
Operating costs	$ 4,821,700	$ 3,926,129
Operating expenses	356,820	310,025
	$ 5,178,520	$ 4,236,154

(Continued)

	Year Ended December 31	
	2013	2012
An analysis of amortization by function		
Operating costs	$ 10,443	$ 9,662
Selling and marketing expenses	17	32
General and administrative expenses	29,151	22,357
Research and development expenses	7,080	6,880
	$ 46,691	$ 38,931

(Concluded)

e. Employee benefits expense

	Year Ended December 31	
	2013	2012
Short-term employee benefits		
Salaries	$ 8,755,743	$ 7,515,496
Labor and health insurance	125,026	94,176
Others	902,355	612,229
	9,783,124	8,221,901
Post-employment benefits (refer to Note 22)		
Defined contribution plans	688,194	597,773
Defined benefit plans	1,987	1,682
	690,181	599,455
	$ 10,473,305	$ 8,821,356
An analysis of employee benefits expense by function		
Operating costs	$ 8,081,158	$ 6,656,767
Operating expenses	2,392,147	2,164,589
	$ 10,473,305	$ 8,821,356

f. Gain or loss on foreign currency exchange

	Year Ended December 31	
	2013	2012
Foreign exchange gains	$ 10,969,766	$ 9,220,608
Foreign exchange losses	(8,534,388)	(8,145,652)
	$ 2,435,378	$ 1,074,956

26. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

	For the Year Ended December 31	
	2013	2012
Current tax		
In respect of the current year	$ 4,337,088	$ 3,179,768
In respect of prior periods	74,419	(2,373)
	4,411,507	3,177,395
Deferred tax		
In respect of the current year	(700,352)	(63,370)
Income tax expense recognized in profit or loss	$ 3,711,155	$ 3,114,025

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

	For the Year Ended December 31	
	2013	2012
Profit before income tax	$ 17,528,275	$ 13,943,983
Income tax expense calculated at the statutory rate	$ 3,144,005	$ 2,184,579
Add (deduct) tax effects of:		
Temporary differences		
Depreciation	(83,238)	(4,685)
Others	3,872	(2,703)
Permanent differences		
Withholding tax on remittance of earnings	99,557	245,712
Amortization of discount on bonds payable	8,941	8,896
Tax-exempt income	(10,384)	(10,856)
Unrealized valuation gain on financial instruments	(6,769)	(1,746)
Others	10,154	18,781
Additional income tax on unappropriated earnings	529,722	671,480
Research and development tax credits from China	(52,603)	(52,110)
Tax - exempt income	(7,150)	(11,699)
Deferred income tax expense		
Temporary differences	-	71,750
Adjustments for prior years' tax	74,419	(2,373)
Effects of exchange rate changes	629	(1,001)
Income tax expense recognized in profit or loss	$ 3,711,155	$ 3,114,025

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

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2013 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2013	**2012**
Deferred tax		
In respect of the current year:		
Actuarial gains and losses on defined benefit plan	$ (460)	$ 579

c. Current tax assets and liabilities

	December 31, 2013	**December 31, 2012**	**January 1, 2012**
Current tax assets			
Tax refund receivable	$ 149,397	$ 28	$ 17
Current tax liabilities			
Income tax payable	$ 2,165,528	$ 1,275,657	$ 1,119,544

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred Tax Assets					
Provision for loss on inventories	$ 44,025	$ 9,242	$ -	$ 2,586	$ 55,852
Depreciation difference	127,333	332,671	-	14,106	474,110
Unrealized intercompany profit	413,182	333,599	-	13,383	760,164
Unrealized sales return	1,968	3,644	-	-	5,612
Unrealized foreign exchange loss	15,819	(15,819)	-	-	-
Defined benefit obligation	579	26	(460)	-	145
Payable for annual leave	11,033	754	-	445	12,232
Doubtful debts	1,135	(1,178)	-	43	-
Others	26,529	8,690	-	1,711	36,930
	641,603	671,628	(460)	32,274	1,345,045
Tax losses	-	48,649	-	981	49,630
	$ 641,603	$ 720,277	$ (460)	$ 33,255	$ 1,394,675
Deferred Tax Liabilities					
Depreciation difference	$ 84,222	$ 2,855	$ -	$ -	$ 87,077
Unrealized foreign exchange gain	-	16,610	-	-	16,610
Reserve for land value increment tax	12,597	-	-	-	12,597
Others	-	460	-	-	460
	$ 96,819	$ 19,925	$ -	$ -	$ 116,744

For the year ended December 31, 2012

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred Tax Assets					
Provision for loss on inventories	$ 75,768	$ (30,435)	$ -	$ (1,307)	$ 44,026
Depreciation difference	4,004	125,214	-	(1,885)	127,333
Unrealized intercompany profit	505,352	(73,151)	-	(19,020)	413,181
Unrealized sales return	888	1,080	-	-	1,968
Unrealized foreign exchange loss	-	15,819	-	-	15,819
Defined benefit obligation	-	-	579	-	579
Payable for annual leave	10,151	1,168	-	(286)	11,033
Doubtful debts	-	1,151	-	(16)	1,135
Others	30,304	(2,649)	-	(1,126)	26,529
	$ 626,467	$ 38,197	$ 579	$ (23,640)	$ 641,603
Deferred Tax Liabilities					
Depreciation difference	$ 67,545	$ 16,677	$ -	$ -	$ 84,222
Financial assets at FVTPL	29,268	(28,537)	-	(731)	-
Unrealized foreign exchange gain	13,313	(13,313)	-	-	-
Reserve for land value increment tax	12,597	-	-	-	12,597
	$ 122,723	$ (25,173)	$ -	$ (731)	$ 96,819

e. Information about unused tax-exemption

As of December 31, 2013, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

Expansion of Construction project	**Tax- exemption period**
Five years tax - exemption expansion project approved by No. 1010231575 issued by Tainan City Government	From January 1, 2011 to December 31, 2015

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

As of December 31, 2013, December 31, 2012 and January 1, 2012, the taxable temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized were NT$11,149,348 thousand, NT$8,539,494 thousand and NT$7,244,328 thousand, respectively.

g. Integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	$ 11,609	$ 11,609	$ 11,609
Unappropriated earnings generated on and after January 1, 1998	40,285,782	32,075,792	25,240,307
	$ 40,297,391	$ 32,087,401	$ 25,251,916
Imputation credits accounts	$ 2,056,013	$ 1,562,265	$ 829,507

The creditable ratio for distribution of earnings of 2013 and 2012 was 6.87% (expected ratio) and 7.01%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident stockholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to stockholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the stockholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

h. Income tax assessments

The tax returns through 2011 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

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

Net Profit for the Year

	Year Ended December 31	
	2013	2012
Profit for the period attributable to owners of the Company	$ 13,801,184	$ 10,811,975
Effect of potentially dilutive ordinary shares:		
Interest on convertible bonds (after tax)	15,448	41,925
Earnings used in the computation of diluted earnings per share	$ 13,816,632	$ 10,853,900

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

	Year Ended December 31	
	2013	**2012**
Weighted average number of ordinary shares in computation of basic earnings per share	750,703	750,694
Effect of potentially dilutive ordinary shares:		
Convertible bonds	19,635	19,103
Bonus issue to employees	958	975
Weighted average number of ordinary shares used in the computation of diluted earnings per share	771,296	770,772

If the Group offered to settle bonuses paid to employees in cash or shares, the Group assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In April 2013, the Company acquired an additional 0.02% of I-Catcher Optoelectronics Corp., increasing its continuing interest from 99.98% to 100%.

In August 2012, the Group acquired an additional 2% of its interest in Sagitta International Co., Ltd. at a percentage different from current percentage of ownership in the investee, increasing its continuing interest from 93 % to 95%.

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

	I-Catcher Optoelectronics Corp.	**Sagitta International Co., Ltd.**
Cash consideration paid	$ (10)	$ (226,960)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	8	228,424
Differences arising from equity transaction	$ (2)	$ 1,464

In 2013, the difference of equity transaction was insignificant, NT$ 2 thousand was adjusted to the investment loss of current year. Besides, in 2012, the difference of equity of transactions was NT$1,464 thousand, and recognized as capital surplus - the difference between the price of acquiring or disposing the subsidiaries and the book value.

29. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Aquila Technology (Suzhou) Co., Ltd. entered into an agreement to lease building from Hwa-Sheng Technology (Suzhou) Co., Ltd. The leasing period is from November 2010 to October 2015 and the future minimum lease payments of operating lease commitments were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 10,953	$ 9,858	$ 10,253
Later than 1 year and not later than 5 years	9,127	18,854	29,989
	$ 20,080	$ 28,712	$ 40,242

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms from March 2011 to June 2018. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 20,268	$ 17,808	$ 16,754
Later than 1 year and not later than 5 years	37,260	45,420	44,660
	$ 57,528	$ 63,228	$ 61,414

30. CAPITAL MANAGEMENT

The Group requires significant amounts of capital to build and expand its production facilities and equipment. The Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values :

	December 31, 2013	
	Carrying Amount	Fair Value
Financial liabilities		
Convertible bonds	$ 3,492,625	$ 3,498,459

	December 31, 2012	
	Carrying Amount	Fair Value
Financial liabilities		
Convertible bonds	$ 3,487,922	$ 3,494,842

	January 1, 2012	
	Carrying Amount	Fair Value
Financial liabilities		
Convertible bonds	$ 3,441,822	$ 3,461,837

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
December 31, 2013				
Financial assets at FVTPL				
Financial assets designated as at fair value through profit or loss	$ 20,640	$ -	$ -	$ 20,640
Financial assets held for trading	-	1,447	-	1,447
	$ 20,640	$ 1,447	$ -	$ 22,087
Available-for-sale financial assets				
Convertible bonds	$ 49,975	$ -	$ -	$ 49,975
December 31, 2012				
Available-for-sale financial assets				
Private-placement domestic listed shares	$ -	$ 84,446	$ -	$ 84,446
Emerging market stocks	15,388	-	-	15,388
Convertible bonds	54,480	-	-	54,480
Mutual funds	882,881	-	-	882,881
	$ 952,749	$ 84,446	$ -	$ 1,037,195
Financial liabilities at FVTPL				
Financial liabilities held for trading	$ -	$ 37,772	$ -	$ 37,772
January 1, 2012				
Financial assets at FVTPL				
Forward foreign exchange contracts	$ -	$ 117,765	$ -	$ 117,765
Available-for-sale financial assets				
Private-placement domestic listed shares	$ -	$ 68,230	$ -	$ 68,230
Emerging market stocks	11,893	-	-	11,893
Convertible bonds	58,143	-	-	58,143
Mutual funds	1,285,178	-	-	1,285,178
	$ 1,355,214	$ 68,230	$ -	$ 1,423,444

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Financial foreign exchange contracts	$ -	$ 1,468	$ -	$ 1,468
Financial liabilities held for trading	-	48,040	-	48,040
	$ -	$ 49,508	$ -	$ 49,508

(Concluded)

There were no transfers between Level 1 and 2 in 2013 and 2012.

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

c) The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The fair value of the liability component of convertible bonds was determined assuming redemption on April 27, 2016 and using the interest rate based on a quoted swap rate for a 2 years and a 5 years government bonds yield rate and holding the credit risk margin constant.

b. Categories of financial instruments

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ 1,447	$ -	$ 117,765
Designated as at FVTPL	20,640	-	-
Loans and receivables (i)	60,355,066	61,142,129	52,714,341
Available-for-sale financial assets	49,975	1,037,195	1,423,444
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Held for trading	-	37,772	49,508
Amortized cost (ii)	29,264,341	38,234,294	31,850,130

(i) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes and accounts receivable, (including related parties) other receivables and refundable deposits.

(ii) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes and accounts payable (including related parties), other payables, refund of guarantee deposits and bonds issued.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, accounts receivable, accounts payable, bonds payable and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The plans for material treasury activities are reviewed by Board of Directors in accordance with procedures required by relevant regulations or internal controls. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below), interest rates (see (2) below) and other price (see (3) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group mainly exposed to the currency of United Stated dollars ("USD"), Renminbi ("RMB") and Japanese yen ("JPY").

The following table details the Group's sensitivity to a 5% increase and decrease in New Taiwan dollars ("NTD", the functional currency) against the relevant foreign currencies. A positive number below indicates an increase in profit before income tax associated with NTD strengthens 5% against the relevant currency. For a 5% weakening of NTD against the relevant currency, there would be an equal and opposite impact on the profit before income tax and the balances below would be negative.

	RMB impact		
	For the Year Ended December 31		
	2013	2012	
Profit or loss	$ (250,993)	$ (735,392)	i

	USD impact		
	For the Year Ended December 31		
	2013	2012	
Profit or loss	$ (752,596)	$ (745,686)	ii

	JPY impact		
	For the Year Ended December 31		
	2013	2012	
Profit or loss	$ (41,638)	$ 629,630	iii

i. This was mainly attributable to the exposure outstanding on RMB cash and bank deposits, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure to outstanding on USD cash and cash equivalent, bank deposits, receivables, payables and loans which were not hedged, at the end of the reporting period.

iii. This was mainly attributable to the exposure outstanding on JPY bank deposits and bank loans, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency decreased during the current period mainly due to the reduction net assets in Currency RMB and liabilities in Currency JPY. In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period. In addition, Currency USD sales increase or decrease with customers' orders, and Currency RMB and JPY are depend on the amount of investments and capital expenditures.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Fair value interest rate risk			
Financial assets	$ 37,162,046	$ 35,702,886	$ 30,859,634
Financial liabilities	3,492,625	3,487,922	3,441,822
Cash flow interest rate risk			
Financial assets	5,402,285	10,019,214	9,576,745
Financial liabilities	17,155,655	28,142,091	21,964,198

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the years ended December 31, 2013 and 2012 would decrease/increase by NT$11,753 thousand and NT$18,123 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

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

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities shares, emerging market shares, mutual funds and convertible bonds.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 5% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2013 and 2012 would increase/decrease by NT$2,499 thousand and NT$51,860 thousand, respectively, as a result of the changes in fair value of available-for-sale assets.

The Group's sensitivity to equity prices decreased because of reduction in available-for-sale investments held by the Group.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The counterparties to the foregoing financial instruments are reputable business organizations. Management does not expect the Group's exposure to default by those parties to be material; ongoing credit evaluation is performed on the financial condition of accounts receivable as well.

Information on credit risk concentration as of December 31, 2013 and 2012 refers ro Note 10.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group's operating funds and bank loan credit line are deemed sufficient to meet the cash flow demand, therefore, liquidity risk is not considered to be significant.

a) Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2013

	Weighted Average Effective Interest Rate (%)	Less than 3months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	-	$ 5,825,850	$ 2,397,197	$ 224,753	$ -
Variable interest rate liabilities	1.327	4,281,174	12,988,912	-	-
Fixed interest rate liabilities	1.2	-	3,492,625	-	-
		$ 10,107,024	$ 18,878,734	$ 224,753	$ -

December 31, 2012

	Weighted Average Effective Interest Rate (%)	Less than 3months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	-	$ 4,138,621	$ 1,949,006	$ 295,550	$ -
Variable interest rate liabilities	0.8743	11,668,158	13,719,483	2,887,372	-
Fixed interest rate liabilities	1.2	-	3,487,922	-	-
		$ 15,806,779	$ 19,156,411	$ 3,182,922	$ -

January 1, 2012

	Weighted Average Effective Interest Rate (%)	Less than 3months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	-	$ 4,625,620	$ 1,522,849	$ 224,730	$ -
Variable interest rate liabilities	1.09	7,674,603	10,405,640	4,029,773	-
Fixed interest rate liabilities	1.2	-	-	3,441,822	-
		$ 12,300,223	$ 11,928,489	$ 7,696,325	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

	December 31, 2013	December 31, 2012	January 1, 2012
Unsecured bank overdraft facility, reviewed annually and payable at call:			
Amount used	$ 13,473,205	$ 7,134,425	$ 14,631,229
Amount unused	12,889,325	8,769,562	12,290,002
	$ 26,362,530	$ 15,903,987	$ 26,921,231
Secured bank overdraft facility:			
Amount used	$ 3,682,450	$ 21,007,666	$ 7,332,969
Amount unused	7,824,510	16,449,957	4,911,971
	$ 11,506,960	$ 37,457,623	$ 12,244,940

32. TRANSACTIONS WITH RELATED PARTIES

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

a. Operating Transactions - Purchases of goods

	For the Year Ended December 31	
	2013	2012
Related parties types		
Associates	$ 460,211	$ 103,531

The purchase prices were not significantly different from those with third parties and the payment terms of each was 90 days after next month's closing.

	December 31, 2013	December 31, 2012	January 1, 2012
Related parties types			
Associates	$ 286,540	$ 49,262	$ 35,971

The outstanding accounts payable from related parties are unsecured.

b. Compensation of key management personnel

	For the Year Ended December 31	
	2013	2012
Short-term employee benefits	$ 213,578	$ 118,657
Post-employment benefits	20,329	17,871
	$ 233,907	$ 136,528

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31, 2013	December 31, 2012	January 1, 2012
Land	$ 1,547,865	$ 1,547,865	$ 1,120,804
Buildings	500,473	525,885	-
Investment properties	197,035	201,515	205,994
Prepaid equipment (classified as other non-current assets)	-	-	596,813
Debt investments with no active market - non-current (mortgaged time deposits)	-	-	244,698
	$ 2,245,373	$ 2,275,265	$ 2,168,309

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

a. As of December 31, 2013, December 31, 2012 and January 1, 2012, the unused letters of credit of the Group for purchasing of raw materials and equipment were NT$78,356 thousand, NT$80,341 thousand and NT$144,973 thousand.

b. Unrecognized commitments are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Acquisition of property, plant and equipment	$ 5,219,911	$ 4,813,172	$ 7,342,898
Acquisition of inventories	$ 16,476	$ 29,929	$ 5,184

35. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 1,033,526	4.8493 - 4.894	$ 5,019,853
USD	519,829	29.755 (USD:NTD)	15,467,515
USD	527,650	6.0969 (USD:RMB)	15,472,932
JPY	2,949,132	0.2819 - 0.2824	832,756
Financial liabilities			
Monetary items			
USD	35,198	29.855 (USD:NTD)	1,050,834
USD	505,987	6.0969 (USD:RMB)	14,837,697

December 31, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 3,183,405	4.6202	$ 14,707,834
USD	348,967	28.99 (USD:NTD)	10,116,549
USD	604,315	6.2855 (USD:RMB)	17,549,315
JPY	610,155	0.3344 - 0.3373	204,386
Financial liabilities			
Monetary items			
USD	58,092	29.09 (USD:NTD)	1,689,890
USD	380,932	6.2855 (USD:RMB)	11,062,254
JPY	37,881,304	0.3373 - 0.3384	12,796,983

January 1, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
RMB	$ 1,464,581	4.8046 - 4.8049	$ 7,036,786
USD	344,006	30.225 (USD:NTD)	10,397,594
USD	317,810	6.3009 (USD:RMB)	9,621,746
JPY	52,629	0.3886 - 0.3905	20,543
Financial liabilities			
Monetary items			
USD	82,603	30.325 (USD:NTD)	2,504,938
USD	473,973	6.3009 (USD:RMB)	14,349,624
JPY	34,067,021	0.3897 - 0.3926	13,308,219

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries and associates). (Table 3)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (Table 4)

5) Acquisition of individual real estate at costs of at least NT $300 million or 20% of the paid-in capital. (N/A)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (N/A)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 6)

9) Trading in derivative instruments. (Notes 7 and 19)

10) Intercompany relationships and significant intercompany transactions. (Table 10)

11) Information on investees. (Table7)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, net income or loss of the investee and investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 1,2,5,9 and 10):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

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

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

37. SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the Group’s chief operating decision maker reviews operating results and financial information on a plant by plant basis with focus on the operating result of each plant. As each plant shares similar economic characteristics, produces similar products using similar production process and all products are distributed and sold to same level of customers through a central sales function, the Group’s operating segments are aggregated into a single reportable segment. The Group’s chief operating decision maker reviews segment information measured on the same basis as the financial statements. Information about reportable segment sales, profit or loss and assets refer to consolidated balance sheets and consolidated statements of comprehensive income as of December 31, 2013 and 2012.

a. Geographical information

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

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

	Revenue from External Customers Year Ended December 31 2013	2012
Taiwan	$ 7,403,718	$ 5,286,137
China	27,509,946	19,236,742
Mexico	2,388,888	1,376,613
Singapore	3,943,559	7,522,739
Sweden	344,019	100,403
United States	929,431	2,894,243
Others	725,989	611,921
	$ 43,245,550	$ 37,028,798

	Non-current Assets December 31, 2013	December 31, 2012	January 1, 2012
Taiwan	$ 3,904,615	$ 8,147,816	$ 7,210,300
China	34,733,090	25,910,657	23,983,587
	$ 38,637,705	$ 34,058,473	$ 31,193,887

Noncurrent assets excluded those classified as financial instruments, deferred tax assets, and post-employment benefit assets.

b. Information about major customers

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

	For the Year Ended December 31 2013	2012
Custom A	$ 8,768,886	$ 2,311,846
Custom B	6,568,160	1,033,976
Custom C	6,492,120	5,102,659
Custom D	4,633,671	9,590,301
	$ 26,462,837	$ 18,038,782

38. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the year ended December 31, 2013 were the first IFRS financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

b. Impact on the transition to IFRSs

After transition to IFRSs, the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follows:

1) Reconciliation of consolidated balance sheet as of January 1, 2012

ROC GAAP		Impact of Transition to IFRSs		IFRSs		
Items	Amount	Differences in Presentation	Differences in Recognition and Measurement	Amount	Items	Notes 5
Cash and cash equivalents	$ 40,197,831	$ (4,655,979)	$ -	$ 35,541,852	Cash and cash equivalents	a)
Financial assets at fair value through profit or loss - current	117,765	-	-	117,765	Financial assets at fair value through profit or loss- current	
Available-for-sale financial assets - current	1,343,321	-	-	1,343,321	Available-for-sale financial assets - current	
Accounts receivable, net	12,322,837	-	-	12,322,837	Accounts receivable, net	
Other receivable	167,411	-	-	167,411	Other receivable	
Inventories	2,537,880	-	-	2,537,880	Inventories	
Deferred income tax assets - current	103,972	(103,972)	-	-	-	d)
-	-	10,889	-	10,889	Prepayments for lease	h)
-	-	4,655,979	-	4,655,979	Debt investment with no active market -current	a)
Other current assets	1,203,798	722	-	1,204,520	Other current assets	
Total current assets	57,994,815	(92,361)	-	57,902,454	Total current assets	
Investments accounted for by the equity method	1,356,340	-	(98)	1,356,242	Investments accounted for using equity method	o)
Available-for-sale financial assets - noncurrent	68,230	-	11,893	80,123	Available-for-sale financial assets - noncurrent	k)
Total investments	1,424,570	-	11,795	1,436,365		
Land	1,245,156	507,106	-	1,752,262	Cost of land	f)
Buildings	7,099,927	-	-	7,099,927	Cost of buildings	
Machinery and equipment	26,714,711	-	-	26,714,711	Cost of machinery and equipment	
Transportation equipment	66,456	-	-	66,456	Cost of transportation equipment	
Furniture and fixtures	731,270	-	-	731,270	Cost of furniture and fixtures	
Rental assets	314,974	(314,974)	-	-	-	f)
Leasehold improvement	8,991	-	-	8,991	Cost of leasehold improvement	
Miscellaneous equipment	338,139	304,538	-	642,677	Cost of miscellaneous equipment	g)
Total cost	36,519,624	496,670	-	37,016,294	Total cost	
Revaluation increment - land of rental assets	43,615	(43,615)	-	-	-	e), f)
Cost and revaluation increment	36,563,239	453,055	-	37,016,294	-	
Accumulated depreciation	9,477,309	(88,668)	-	9,556,202	Accumulated depreciation	f)
		167,561	-			g)
	27,085,930	374,162	-	27,460,092		
Construction in progress and prepayments for equipment	1,322,310	(853,874)	-	468,436	Construction in progress and equipment to be inspected	n)
Total property, plant and equipment	28,408,240	(479,712)	-	27,928,528	Property, plant and equipment	
-	-	271,076	-	271,076	Investment properties	f)
Land use rights	429,991	(429,991)	-	-	-	h)
-	-	101,625	-	101,625	Intangible assets	g)
Total intangible assets	429,991	(328,366)	-	101,625		
Refundable deposits	18,341	-	-	18,341	Refundable deposits	
Deferred income tax assets - noncurrent	4,004	-	502,663	626,467	Deferred tax assets	b)
		103,972	-			d)
		-	10,151			j)
		5,677	-			m)
Restricted assets - noncurrent	244,698	-	-	244,698	Debt investment with no active market - noncurrent	
Other assets - other	753,648	-	4,581	10,243	Prepaid pension cost- non current	i)
		(507,106)	-			f)
		(240,880)	-			g)
-	-	854,275	-	854,275	Prepayments – non-current	n)
-	-	419,102	-	419,102	Long-term prepayments for lease	h)
Total other assets	1,020,691	635,040	517,395	2,173,126		
Total assets	$ 89,278,307	$ 5,677	$ 529,190	$ 89,813,174	Total assets	

(Continued)

ROC GAAP		Impact of Transition to IFRSs		IFRSs		
Items	Amount	Differences in Presentation	Differences in Recognition and Measurement	Amount	Items	Notes 5
Short-term loans	$ 17,040,191	$ -	$ -	$ 17,040,191	Short-term borrowings	
Notes payable	136,454	-	-	136,454	Notes payable	
Accounts payable	3,085,509	-	-	3,085,509	Accounts payable	
Accounts payable - related parties	35,971	-	-	35,971	Accounts payable - related parties	
Income tax payable	1,119,544	-	-	1,119,544	Current tax liabilites	
Accrued expenses	3,070,734	-	44,531	3,115,265	Other payableds	j)
Financial liabilities at fair value through profit or loss-current	49,508	-	-	49,508	Financial liabilities at fair value through profit or loss - current	
Current portion of long-term debt	953,255	-	-	953,255	Current portion of long-term borrowings	
Deferred income tax liabilities - current	38,544	(38,544)	-	-	-	d)
Other current liabilities	221,201	-	-	221,201	Other current liabilities	
Total current liabilities	25,750,911	(38,544)	44,531	25,756,898		
Bonds payable	3,441,822	-	-	3,441,822	Bonds payable	
Long-term debt	3,970,752	-	-	3,970,752	Long-term borrowings	
Total long-term liabilities	7,412,574	-	-	7,412,574		
Reserve for land value increment tax	12,596	(12,596)	-	-	-	c)
Guarantee deposit received	31,485	-	-	31,485	Guarantee deposit received	
Deferred income tax liabilities - noncurrent	65,906	12,596	-	122,723	Deferred tax liabilities	c)
		38,544	-			d)
		5,677	-			m)
Total other liabilities	97,391	56,817	-	154,208		
Total liabilities	33,273,472	5,677	44,531	33,323,680	Total liabilities	
Capital stock	7,506,394	-	-	7,506,394	Capital stock	
Capital surplus	16,924,672	-	(8,346)	16,916,326	Capital surplus	l)
Retained earnings	29,014,195	-	4,581	31,873,314	Retained earnings	i)
		-	2,366,883			Cumulative translation adjustments
		-	11,019			e)
		-	(34,275)			j)
		-	502,663			b)
		-	8,346			l)
		-	(98)			o)
Other equity					Other equity	
Cumulative translation adjustments	2,366,883	-	(2,366,883)	-	Foreign currency translation reserve	Cumulative translation adjustments
Unrealized gain (loss) on financial instruments	(11,644)	-	11,893	249	Unrealized gain (loss) from available-for sale financial assets	k)
Unrealized revaluation increments on properties	11,019	-	(11,019)	-	-	e)
Total other equity	2,366,258	-	(2,366,009)	249		
Total stockholders' equity of parent company	55,811,519	-	484,764	56,296,283	Equity attributable to owners of the Company	
Minority interests	193,316	-	(105)	193,211	Non - controlling interests	j)
Total stockholders' equity	56,004,835	-	484,659	56,489,494	Total equity	
Total liabilities and stockholders' equity	$ 89,278,307	$ 5,677	$ 529,190	$ 89,813,174	Total - liabilities and equity	

(Concluded)

2) Reconciliation of consolidated balance sheet as of December 31, 2012

ROC GAAP Items	ROC GAAP Amount	Impact of Transition to IFRSs: Differences in Presentation	Impact of Transition to IFRSs: Differences in Recognition and Measurement	IFRSs Amount	IFRSs Items	Notes 5
Cash and cash equivalents	$ 45,725,615	$ (326,080)	$ -	$ 45,399,535	Cash and cash equivalents	a)
Available-for-sale financial assets - current	937,361	-	-	937,361	Available-for-sale financial assets - current	
Notes receivable	30	-	-	30	Notes receivable	
Accounts receivable, net	15,173,226	-	-	15,173,226	Accounts receivable, net	
Other receivable	212,834	-	-	212,834	Other receivable	
Current tax assets	28	-	-	28	Current tax assets	
Inventories	2,449,094	-	-	2,449,094	Inventories	
Deferred income tax assets - current	89,763	(89,763)	-	-	-	d)
-	-	15,601	-	15,601	Prepayments for lease	h)
-	-	326,080	-	326,080	Debt investment with no active market - current	a)
Other current assets	2,044,763	1,114	-	2,045,877	Other current assets	
Total current assets	66,632,714	(73,048)	-	66,559,666		
Investments accounted for by the equity method	1,633,938	-	(213)	1,633,725	Investments accounted for using equity method	l), o)
Available-for-sale financial assets – non-current	84,446	-	15,388	99,834	Available-for-sale financial assets - noncurrent	k)
Total investments	1,718,384	-	15,175	1,733,559		
Land	1,672,218	507,106	-	2,179,324	Cost of land	f)
Buildings	7,826,304	-	-	7,826,304	Cost of buildings	
Machinery and equipment	28,604,725	-	-	28,604,725	Cost of machinery and equipment	
Transportation equipment	75,976	-	-	75,976	Cost of transportation equipment	
Furniture and fixtures	918,890	-	-	918,890	Cost of furniture and fixtures	
Rental assets	314,974	(314,974)	-	-	-	f)
Leasehold improvement	8,784	-	-	8,784	Cost of leasehold improvement	
Miscellaneous equipment	387,887	330,708	-	718,595	Cost of miscellaneous equipment	g)
Total cost	39,809,758	522,840	-	40,332,598	Total cost	
Revaluation increment - land of rental assets	43,615	(43,615)	-	-	-	e), f)
Cost and revaluation increment	39,853,373	479,225	-	40,332,598	-	
Accumulated depreciation	11,144,371	(118,280)	-	11,242,384	Accumulated depreciation	f)
		216,293	-			g)
	28,709,002	381,212	-	29,090,214		
Construction in progress and prepayments for equipment	2,289,038	(564,395)	-	1,724,643	Construction in progress and equipment to be inspected	n)
Total property, plant and equipment	30,998,040	(183,183)	-	30,814,857	Property, plant and equipment	
-	-	265,449	-	265,449	Investment properties	f)
Land use rights	697,916	(697,916)	-	-	-	h)
-	-	78,969	-	78,969	Intangible assets	g)
Total intangible assets	697,916	(618,947)	-	78,969		
Refundable deposits	18,501	-	-	18,501	Refundable deposits	
Deferred income tax assets - noncurrent	127,333	-	411,331	641,603	Deferred tax assets - noncurrent	b)
		89,763	-			d)
		-	11,033			j)
		1,564	579			m)
Other assets - other	732,955	-	(5,949)	-	-	i)
		(507,106)	-			f)
		(219,900)	-			g)
		564,657	-	564,657	Prepayments – non-current	n)
		682,315	-	682,315	Long-term prepayments for lease	h)
Total other assets	878,789	611,293	416,994	1,907,076		
Total assets	$ 100,925,843	$ 1,564	$ 432,169	$ 101,359,576	Total assets	

(Continued)

ROC GAAP		Impact of Transition to IFRSs		IFRSs		
Items	**Amount**	**Differences in Presentation**	**Differences in Recognition and Measurement**	**Amount**	**Items**	**Notes 5**
Short-term loans	$ 24,439,799	$ -	$ -	$ 24,439,799	Short-term borrowings	
Notes payable	308,002	-	-	308,002	Notes payable	
Accounts payable	2,980,944	-	-	2,980,944	Accounts payable	
Accounts payable - related parties	49,262	-	-	49,262	Accounts payable - related parties	
Income tax payable	1,275,657	-	-	1,275,657	Current tax liabilities	
Accrued expense	2,994,466	-	50,503	3,044,969	Other payables	j)
Financial liabilities at fair value through profit or loss - current	37,772	-	-	37,772	Financial liabilities at fair value through profit or loss - current	
Current portion of bonds payable	3,487,922	-	-	3,487,922	Current portion of bonds payable	
Current portion of long-term debt	839,417	-	-	839,417	Current portion of long-term borrowings	
Other current liabilities	328,133	-	-	328,133	Other current liabilities	
Total current liabilities	36,741,374	-	50,503	36,791,877		
Long-term debt	2,862,875	-	-	2,862,875	Long-term borrowings	
Reserve for land value increment tax	12,596	(12,596)	-	-	-	c)
Guarantee deposit received	16,224	-	-	16,224	Guarantee deposit received	
Accrued pension liabilities	-	-	3,406	3,406	Accrued pension liabilities	i)
Deferred income tax liabilities - noncurrent	82,659	12,596	-	96,819	Deferred tax liabilities	c)
		1,564	-			m)
Total other liabilities	98,883	14,160	-	116,449		
Total liabilities	39,715,728	1,564	53,909	39,771,201	Total liabilities	
Capital stock	7,507,031	-	-	7,507,031	Capital stock	
Capital surplus	16,932,463	-	(8,346)	16,924,117	Capital surplus	l)
Retained earnings	36,151,184	-	(8,776)	38,917,729	Retained earnings	i)
		-	2,366,883			Cumulative translation adjustments
		-	11,019			e)
		-	(40,225)			j)
		-	429,511			b)
		-	8,346			l)
		-	(213)			o)
	36,151,184	-	2,766,545	38,917,729		
Other equity					Others equity	
Cumulative translation adjustments	394,205	-	(2,366,883)	(1,990,002)	Foreign currency translation reserve	Cumulative translation adjustments
		-	(18,180)			b)
		-	856			j)
Unrealized gain (loss) on financial instruments	35,356	-	15,388	50,744	Unrealized gain (loss) from available-for-sale financial assets	k)
Unrealized revaluation increments on properties	11,019	-	(11,019)	-		e)
Total other equity	440,580	-	(2,378,838)	(1,939,258)		
Total stockholders' equity of parent company	61,031,258	-	378,361	61,409,619	Equity attributable to owners of Company	
Minority interests	178,857	-	(101)	178,756	Non-controlling interests	j)
Total stockholders' equity	61,210,115	-	378,260	61,588,375	Total equity	
Total liabilities and stockholders' equity	$ 100,925,843	$ 1,564	$ 432,169	$ 101,359,576	Total liabilities and equity	

(Concluded)

3) Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012

ROC GAAP Items	ROC GAAP Amount	Impact of Transition to IFRSs: Differences in Presentation	Impact of Transition to IFRSs: Differences in Recognition and Measurement	IFRSs Amount	IFRSs Items	Notes 5
Net sales	$ 37,028,798	$ -	$ -	$ 37,028,798	Operating revenue	
Cost of sales	20,989,773	-	(4,253)	20,984,891	Operating cost	j)
		-	(9,135)			i), o)
Gross profit	16,039,025	-	4,882	16,043,907	Gross profit	
Operating expenses					Operating expenses	
Research and development	939,152	-	768	939,920	Research and development expenses	i), j)
Marketing	329,511	-	479	329,990	Selling and marketing expenses	j)
General and administrative	2,612,088	-	1,488	2,613,576	General and administrative expenses	j)
Total operating expenses	3,880,751	-	2,735	3,883,486	Total operating expenses	
Operating income	12,158,274	-	2,147	12,160,421	Operating income	
Non-operating income and gains					Non-operating income and expense	
Interest income	640,363	-	-	640,363	Interest income	
Investment income recognized under the equity method, net	114,395	-	(114)	114,281	Share of profits of associates	o)
Gain on disposal of property, plant and equipment	18,626	-	(18,626)	-	-	p)
Gain on sale of investments, net	6,950	-	-	6,950	Gain on disposal of investments, net	
Exchange gain, net	1,074,956	-	-	1,074,956	Foreign exchange gain, net	
Valuation gain on financial assets	5,038	-	-	5,038	Gain on financial assets at fair value through profit or loss	
Valuation gain on financial liabilities	10,268	-	-	10,268	Gain on financial liabilities at fair value through profit or loss	
Others	266,960	-	-	266,960	Others	
Total non-operating income and gains	2,137,556	-	(18,740)	2,118,816		
Non-operating expense and loss						
Interest expense	302,546	-	-	302,546	Interest expense	
Loss on disposal of property, plant and equipment	9,491	-	(9,491)	-	-	p)
Valuation loss on financial liabilities	21,259	-	-	21,259	Loss on financial liabilities at fair value through profit or loss	
Others	11,449	-	-	11,449	Others	
Total non-operating expenses and loss	344,745	-	(9,491)	335,254		
Income before income tax	13,951,085	-	(7,102)	13,943,983	Profit before income tax	
Income tax	3,042,042	-	73,151	3,114,025	Income tax expense	b)
		-	(1,168)			j)
Consolidated net income	$ 10,909,043	$ -	$ (79,085)	10,829,958	Net income	
					Other comprehensive income	
				(1,988,542)	Exchange differences arising on translation of foreign operations	
				50,495	Unrealized gain (loss) on available-for-sale financial assets	
				(14,643)	Actual loss from defined benefit pension plan	
				(8,599)	Share of the other comprehensive loss of associates	
				579	Income tax benefit relating to components of other comprehensive loss	
				(1,960,710)	Other comprehensive loss for the year, net of tax effect	
				$ 8,869,248	Total comprehensive income for the year	

4) Exemptions from IFRS 1

IFRS 1 establishes the procedures for the Group's first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

Investments in Associates

The Group elected not to apply IAS 28 - "Accounting for Investments in Associates" to account for investments in associates made before the date of transition to IFRSs. Thus the carrying amount of negative goodwill on investments in associates in the opening IFRS consolidated balance sheet is the carrying amount based on ROC GAAP as of December 31, 2011.

Deemed cost

The Group elected to measure its land in investment property at the date of transition to IFRSs at its revalued amount determined under ROC GAAP as its deemed cost (Refer to Note 5) e) of the Notes to the reconciliation of the significant differences).

Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition. In addition, the Group elected to apply the exemption disclosure requirement provided by IFRS 1, in which the experience adjustments are determined for each accounting period prospectively from the transition date (Refer to Note 5) i) of Notes to the reconciliation of the significant differences).

Cumulative translation differences

The Group elected to reset the cumulative translation differences to zero at the date of transition to IFRSs and adjusted retained earnings accordingly.

The effect of the abovementioned optional exemptions elected by the Group was stated in the following Note 5 - Explanations of significant reconciling items in the transition to IFRSs.

5) Explanations of significant reconciling items in the transition to IFRSs

Material differences between the accounting policies under ROC GAAP and the accounting policies adopted under IFRSs were as follows:

a) Bank deposits with original maturity of more than three months

Under ROC GAAP, time deposits that are cancellable without any loss of principal and negotiable certificates of deposit that are readily saleable without any loss of principal are classified as cash.

Under IFRSs, cash comprises cash on hand and demand deposits. Therefore, time deposits are not classified as cash. In accordance with IAS 7, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

b) Deferred income tax on intercompany transactions

Under ROC GAAP, there is no mention about the tax rate to be used in the calculation of deferred income tax on intercompany unrealized gains or losses.

Under IFRSs, intercompany unrealized gains or losses lead to a temporary difference that will result in taxable amounts in the future when the carrying amount of the asset is recovered or the liability is settled. Deferred income tax should be measured at the tax rates that are expected to be applied when the asset is realized or the liability is settled. The tax rate is usually the tax rate of the taxation jurisdiction of the buyer.

c) Land value increment tax

Under the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the reserve for land value increment tax accrued on land revaluation increment is classified as land value increment tax.

Under IFRSs, the Group elected to apply the optional exemption in IFRS 1 "First-time Adoption of International Financial Reporting Standards", and the related reserve for land value increment tax should be reclassified as deferred tax liabilities.

d) Classification of deferred income tax assets or liabilities

Under ROC GAAP, a deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or noncurrent based on the expected length of time before it is realized or settled.

Under IFRSs, a deferred tax asset or liability is classified as noncurrent asset or liability.

e) Basis of property, plant and equipment

Under ROC GAAP, property, plant and equipment may be recorded at cost or at cost plus appreciation if assets are revalued in accordance with ROC government regulations. Revaluation value of land is based on the announced current value, while those of properties other than land are based on the values approved by the tax authorities. Thus, the revaluation value is different from the fair value under IAS 16. An estimated reserve for land value increment tax must be recorded as long-term liabilities. The appreciation in land value, net of the land value increment tax, is credited to equity as unrealized revaluation increment.

f) Classification of rental assets and other assets

Under ROC GAAP, the rental buildings and land are accounted for as fixed assets because leasing service is a business scope of the Company. Real estates are accounted for as other assets when they are held for own use in the future, but not yet under development and construction. Under IFRSs, properties held to earn rentals or for capital appreciation or both are classified as investment property; properties held for own use in the future are classified as property, plant and equipment.

g) Classification of deferred expenses

Under ROC GAAP, deferred expenses are recorded under other assets. Under IFRSs, the Group reclassified deferred expenses to property, plant and equipment, and intangible assets in accordance with their nature.

h) Land use rights

Under ROC GAAP, land use rights are recorded as intangible assets. Under IFRSs, land use rights are classified as long-term prepayment for lease, and reclassified as current assets or noncurrent assets in accordance with expected realization time.

i) Employee benefits

The Group had previously applied actuarial valuation to its defined benefit obligations and recognized the related pension cost and retirement benefit obligation in conformity with ROC GAAP. Under IFRSs, the group should carry out actuarial valuation of defined benefit obligations in accordance with IAS No. 19 - "Employee Benefits." The Group has opted to recognize actuarial gains and losses as other comprehensive income immediately in full in the period in which they occur. The subsequent reclassification to earnings is not permitted. Besides, the Group elected to apply the optional exemption in IFRS 1, "First-time Adoption of International Financial Reporting Standards", and all the unrecognized actuarial gains and losses were reclassified to retained earnings at the date of transition to IFRSs.

j) Employee benefits - short-term employee benefits

Under ROC GAAP, short-term employee benefits are not addressed and recognized as expense when actual payment is made.

Under IFRSs, an entity should recognize the expected cost of short-term employee benefits in the form of compensated absences as follows: (a) in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and (b) in the case of non-accumulating compensated absences, when the absences occur.

k) Valuation and classification of financial assets carried at cost

Under the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost.

Under IFRSs, financial assets carried at cost need to be reclassified to available-for-sale financial assets. Equity investments that do not have active markets but the fair value is reliably measurable should be measured at fair value.

l) Investments and capital surplus - long-term equity investments when associates/subsidiaries issue new shares and the shareholder is not subscribing in accordance with its percentage of shares of the investee/parent company.

Under ROC GAAP, if an investee issues new shares and an investor does not buy new shares proportionately, the investor's ownership percentage and its interest in net assets of the investee will change. The resulting difference should be used to adjust the capital surplus and long-term equity investment accounts.

Under IFRSs, any equity changes in the invested associates without the loss of significant influence on the associates will be recognized as a deemed acquisition or a deemed disposal of the shares in the invested associates. Any equity changes in the invested subsidiaries without losing significant control over the subsidiaries will be deemed equity transactions. In addition, according to "Q&A for adopting IFRSs" issued by the TSE, accounts that do not conform to IFRSs or not covered under the Company Law as well as capital surplus items required by the Ministry of Economics Affairs should be adjusted at the date of transition to IFRSs.

m) Offsetting between deferred tax assets/liabilities

Under ROC GAAP, deferred current income tax liabilities and assets that belong to the same taxable entity should be offset and settled on net basis the same to deferred non-current income tax liabilities and assets. Under IFRS, deferred tax assets and deferred tax liabilities should be offset only if the entity has a legally enforceable right to settle on a net basis and they are levied by the same taxing authority on the same taxable entity (or different taxable entities which intend either to settle material current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period).

n) Classification of prepayments for equipment

Under ROC GAAP, the prepayments for equipment are usually recorded under fixed assets. Under IFRSs, prepayments for equipment are usually recorded under prepayments or long-term prepayments.

o) Investments in associates

In accordance with IFRSs and the optional exemption in IFRS 1, the Group has evaluated significant differences between current accounting policies and IFRSs for the Group's associates accounted for by the equity method.

p) Reclassify accounting subjects in accordance with the Regulations Governing the Preparation of Financial Reports.

6) Explanation of material adjustments to the statement of cash flows.

Time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal meet the definition of cash in accordance with ROC GAAP. However, under IAS 7" Statement of Cash Flow", cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Therefore, time deposits with a carrying amount of NT$326,080 thousand and NT$4,900,677 thousand as of December 31, 2012 and January 1, 2012, respectively, held by the Group was for investment purposes and thus no longer classified as cash under IFRSs.

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7" Statement of Cash Flow", cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Group of NT$643,492 thousand and NT$28,594 thousand, respectively, for the year ended December 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
1	Castmate International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Temporary payments	Yes	$ 600,000	$ 596,100	$ 596,100	1.447 - 1.476	For short-term financing	$ -	Operating capital	$ -	-	-	$ 73,509,487	
		Topo Technology (Suzhou) Co., Ltd.	Ditto	Yes	1,535,820	-	-	1.483 - 1.511	Ditto	-	Ditto	-	-	-	73,509,487	
		Stella International Co., Ltd.	Ditto	Yes	928,181	922,763	922,763	-	Ditto	-	Ditto	-	-	-	73,509,487	
						$ 1,518,863										$ 73,509,487
2	Lyra International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Temporary payments	Yes	1,847,910	$ 1,847,910	1,847,910	2.847 - 2.866	For short-term financing	-	Operating capital	-	-	-	73,509,487	$ 73,509,487
3	Stella International Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Temporary payments	Yes	1,948,700	$ 1,698,885	1,698,885	1.447 - 2.868	For short-term financing	-	Operating capital	-	-	-	73,509,487	
		Catcher Technology (Suqian) Co., Ltd.	Ditto	Yes	900,000	894,150	894,150	1.447 - 1.476	Ditto	-	Ditto	-	-	-	73,509,487	
						$ 2,593,035										$ 73,509,487
4	Gigamag Co., Ltd.	Stella International Co., Ltd.	Temporary payments	Yes	354,480	$ -	-	-	For short-term financing	-	Operating capital	-	-	-	73,509,487	
		Avatar Co., Ltd.	Ditto	Yes	472,616	-	-	-	Ditto	-	Ditto	-	-	-	73,509,487	
		Castmate International Co., Ltd.	Ditto	Yes	767,910	-	-	-	Ditto	-	Ditto	-	-	-	73,509,487	
		Orion Co., Ltd.	Ditto	Yes	2,885,766	2,101,133	1,406,677	-	Ditto	-	Ditto	-	-	-	73,509,487	
		Leo Co., Ltd.	Ditto	Yes	4,171,336	1,220,136	1,220,136	-	Ditto	-	Ditto	-	-	-	73,509,487	
		Cygnus International Co., Ltd.	Ditto	Yes	1,341,225	1,341,225	1,341,225	-	Ditto	-	Ditto	-	-	-	73,509,487	
		Nanomag International Co., Ltd.	Ditto	Yes	3,934,260	3,934,260	1,728,690	-	Ditto	-	Ditto	-	-	-	73,509,487	
						$ 8,596,754										$ 73,509,487
5	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Temporary payments	Yes	488,850	$ 488,850	488,850	1.21	For short-term financing	-	Operating capital	-	-	-	73,509,487	
		Catcher Technology (Suqian) Co., Ltd.	Ditto	Yes	3,158,437	3,055,313	3,055,313	3.25	Ditto	-	Ditto	-	-	-	73,509,487	
			Other receivables	Yes	278,044	278,044	278,044	-	Business transactions	337,929	-	-	-	-	337,929	
		Vito Technology (Suqian) Co., Ltd.	Temporary payments	Yes	488,850	488,850	488,850	3.25	For short-term financing	-	Operating capital	-	-	-	73,509,487	
						$ 4,311,057										$ 73,509,487
6	Orion Co., Ltd.	Avatar Co., Ltd.	Temporary payments	Yes	22	$ -	-	-	For short-term financing	-	Operating capital	-	-	-	73,509,487	$ 73,509,487
7	Avatar Co., Ltd.	Stella International Co., Ltd.	Temporary payments	Yes	383,955	$ -	-	-	For short-term financing	-	Operating capital	-	-	-	73,509,487	
		Lyra International Co., Ltd.	Ditto	Yes	119,220	119,220	119,220	-	Ditto	-	Ditto	-	-	-	73,509,487	
						$ 119,220										$ 73,509,487

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limits (Note 2)
													Item	Value		
8	Hoppi Co., Ltd.	Leo Co., Ltd.	Temporary payments	Yes	$ 900,000	$ -	$ -	-	For short-term financing	$ -	Operating capital	$ -	-	-	$ 73,509,487	
		Stella International Co., Ltd.	Ditto	Yes	197,868	-	-	-	Ditto	-	Ditto	-	-	-	73,509,487	
		Nanomag International Co., Ltd.	Ditto	Yes	2,086,350	2,086,350	536,490	-	Ditto	-	Ditto	-	-	-	73,509,487	
						$ 2,086,350										$ 73,509,487
9	Topo Technology (Suzhou) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Temporary payments	Yes	2,775,844	$ 2,139,444	2,139,444	3.25	For short-term financing	-	Operating capital	-	-	-	73,509,487	
		Topo Technology (Taizhou) Co., Ltd.	Ditto	Yes	977,700	977,700	977,700	3.25	Ditto	-	Ditto	-	-	-	73,509,487	
						$ 3,117,144										$ 73,509,487
10	Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Temporary payments	Yes	2,533,425	$ 2,533,425	2,533,425	2.836 - 2.866	For short-term financing	-	Operating capital	-	-	-	73,509,487	
		Catcher Technology (Suqian) Co., Ltd.	Ditto	Yes	839,440	834,540	834,540	2.847 - 2.866	Ditto	-	Ditto	-	-	-	73,509,487	
						$ 3,367,965										$ 73,509,487

Note 1: The upper limit of the 100% subsidiaries held directly or indirectly by the Company is equivalent to 100% of the net asset value of financier as of December 31, 2013, but the upper limit of ones who have business transactions with is no more than the needed amount for operation.

Note 2: The upper limit of the 100% subsidiaries held directly or indirectly by the Company is equivalent to 100% of the net asset value of financier as of December 31, 2013.

Note 3: The net asset value as the above mentioned was the equity attributable to owners of the Company on the consolidated balance sheet.

(Concluded)

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given On behalf of Companies in Mainland China
		Name	Relationship										
0	Catcher Technology Co., Ltd.	Avatar Co., Ltd.	Subsidiary (indirect held 100%)	$ 36,754,744	$ 1,300,400	$ -	$ -	$ -	-		Y	N	N
		Orion Co., Ltd.	Subsidiary (indirect held 100%)	36,754,744	7,824,510	7,824,510	78,356	-	10.64		Y	N	N
		Gigamag Co., Ltd.	Subsidiary (held 100%)	36,754,744	13,257,833	-	-	-	-		Y	N	N
		Topo Technology (Taizhou) Co., Ltd.	Subsidiary (indirect held 100%)	36,754,744	1,200,000	596,100	596,100	-	0.81		Y	N	Y
		Topo Technology (Suzhou) Co., Ltd	Subsidiary (indirect held 100%)	36,754,744	1,350,000	-	-	-	-		Y	N	Y
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Subsidiary (indirect held 100%)	36,754,744	5,635,400	2,086,350	596,100	-	2.84		Y	N	Y
		Catcher Technology (Suqian) Co., Ltd.	Subsidiary (indirect held 100%)	36,754,744	5,368,500	1,490,250	1,490,250	-	2.03		Y	N	Y
						$ 11,997,210	$ 2,760,806	$ -		$ 73,509,487			

Note 1: The upper limit for the Company is equivalent to 50% of the net asset value of the Company as of December 31, 2013.

Note 2: The upper limit for the Company is equivalent to 100% of the net asset value of the Company as of December 31, 2013.

Note 3: The net asset value as the above mentioned was the equity attributable to owners of the Company on the consolidated balance sheet.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2013				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Catcher Technology Co., Ltd.	Yang Ming Marine Transport Corp. Unsecured Convertible Bond IV	None	Financial assets at FVTPL - Current	200,000	$ 20,640	-	$ 20,640	
	Mega International Commercial Bank Unsecured Convertible Bond I	None	Available-for-sale financials assets - current	500,000	$ 49,975	-	$ 49,975	

Note 1：The marketable securities mentioned above include stocks, bonds, mutual funds and derivative instruments of the above items under IAS 39 “Financial Instruments: Recognition and Measurement”.

Note 2：Information regarding to investments in subsidiaries and associates refer to Table 7 and Table 8.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
Nanomag International Co., Ltd.	Stella International Co., Ltd.	Investments accounted for using equity method	Stella International Co., Ltd.	100% owned subsidiary	47,040,600	$ 15,858,654 (USD546,096,908)	64,203,498	$ 3,650,854 (USD108,474,750) (Note 1)	-	$ -	$ -	$ -	111,244,098	$ 19,509,508 (USD654,571,658)
Stella International Co., Ltd.	Lyra International Co., Ltd.	Investments accounted for using equity method	Lyra International Co., Ltd.	100% owned subsidiary	77,014,868	$ 14,162,333 (USD487,683,657)	64,203,498	$ 3,549,064 (USD106,558,835) (Note 2)	-	$ -	$ -	$ -	141,218,366	$ 17,711,397 (USD594,242,492)
Lyra International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Investments accounted for using equity method	Topo Technology (Taizhou) Co., Ltd.	100% owned subsidiary	-	$ 1,009,577 (USD 34,765,038)	-	$ 1,918,050 (USD 63,461,010) (Note 3)	-	$ -	$ -	$ -	-	$ 2,927,627 (USD 98,226,048)
Topo Technology (Taizhou) Co., Ltd.	RMB Wealth Management plan	Other financial assets			-	$ -	100,000,000	$ 484,600 (RMB 100,000,000)	100,000,000	$ 492,296 (RMB 100,100,822)	$ 484,600 (RMB 100,000,000)	$ 496 (RMB 100,822)	-	$ -
Topo Technology (Suzhou) Co., Ltd.	RMB Financial Products	Other financial assets			-	$ -	309,000,000	$ 1,503,903 (RMB 309,000,000)	309,000,000	$ 1,515,913 (RMB 309,180,789)	$ 1,503,903 (RMB 309,000,000)	$ 886 (RMB 180,789)	-	$ -
	RMB Financial Products	Other financial assets			-	-	63,500,000	305,435 (RMB 63,500,000)	63,500,000	307,011 (RMB 63,563,252)	305,435 (RMB 63,500,000)	306 (RMB 63,252)	-	-
	RMB Financial Products	Other financial assets			-	-	113,000,000	550,310 (RMB 113,000,000)	113,000,000	559,366 (RMB 113,232,005)	550,310 (RMB 113,000,000)	1,146 (RMB 232,005)	-	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	RMB Financial Products	Other financial assets			-	$ -	381,000,000	$ 1,854,327 (RMB 381,000,000)	381,000,000	$ 1,869,146 (RMB 381,225,025)	$ 1,854,327 (RMB 381,000,000)	$ 1,103 (RMB 225,025)	-	$ -
	RMB Financial Products	Other financial assets			-	-	99,000,000	482,130 (RMB 99,000,000)	99,000,000	489,713 (RMB 99,132,145)	482,130 (RMB 99,000,000)	653 (RMB 132,145)	-	-
Catcher Technology (Suqian) Co., Ltd.	RMB Financial Products	Other financial assets			-	$ -	70,000,000	$ 337,400 (RMB 70,000,000)	70,000,000	$ 339,123 (RMB 70,066,740)	$ 337,400 (RMB 70,000,000)	$ 323 (RMB 66,740)	-	$ -
	RMB Financial Products	Other financial assets			-	-	68,000,000	330,480 (RMB 68,000,000)	68,000,000	336,656 (RMB 68,149,041)	330,480 (RMB 68,000,000)	736 (RMB 149,041)	-	-
	RMB Financial Products	Other financial assets			-	-	98,000,000	476,280 (RMB 98,000,000)	98,000,000	485,499 (RMB 98,279,233)	476,280 (RMB 98,000,000)	1,379 (RMB 279,233)	-	-
	RMB Financial Products	Other financial assets			-	-	181,500,000	896,610 (RMB 181,500,000)	181,500,000	895,298 (RMB 181,601,938)	896,610 (RMB 181,500,000)	503 (RMB 101,938)	-	-
Hoppi Co., Ltd.	JPMorgan US Aggregate Bond Fund	Available-for-sale financial assets-current			1,180,027	$ 436,917 (USD 15,045,350)	-	$ -	1,180,027	$ 434,601 (USD 14,549,739)	$ 418,180 (USD 14,000,000)	$ 16,421 (USD 549,739)	-	$ -
	JPMorgan Global Corporate Bond Fund	Available-for-sale financial assets-current			1,049,685	445,964 (USD 15,356,893)	-	-	1,049,685	447,109 (USD 14,968,510)	448,050 (USD 15,000,000)	(941) (USD 31,490)	-	-

Note 1: Including incremental investment US$64,203,498, remittance of earnings US$35,068,758, share of profit of associates accounted using equity method US$63,822,096, and exchange gain on translating foreign operations US$15,517,914.

Note 2: Including incremental investment US$64,203,498, remittance of earnings US$35,068,758, share of profit of associates accounted using equity method US$61,906,181, and exchange gain on translating foreign operations US$15,517,914.

Note 3: Including incremental investment US$67,368,207, share of loss of associates accounted using equity method US$5,630,364, and exchange gain on translating foreign operations US$1,723,167.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Catcher Technology Co., Ltd.	Orion Co., Ltd.	Subsidiary	Sales	$ 811,702	4	Net 120 days after monthly closing	No comparable prices for general customers	Equivalent	$ 210,021	4	
	Leo Co., Ltd.	Ditto	Purchases	15,727,736	93	Net 90 days after next month closing	No comparable prices for general suppliers	Equivalent	(377,371)	(29)	
	Kon-Cheng Accuracy Co., Ltd.	Investments accounted for using equity method	Purchases	450,207	3	Net 90 days after next month closing	Equivalent	Equivalent	(286,016)	(22)	
Topo Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	Same parent company	Sales	$ 4,970,502	45	Net 30 days after monthly closing	Equivalent	Net 60 to 180 days after monthly closing for general customers	$ -	-	
	Catcher Technology (Suzhou) Co., Ltd.	Ditto	Sales	105,292	1	Net 90 days after monthly closing	Equivalent	Ditto	4,188	-	
	Orion Co., Ltd.	Ditto	Purchases	560,038	12	Net 90 days after monthly closing	Equivalent	Net 30 to 90 days after month closing for general suppliers	(17,093)	(1)	
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same parent company	Sales	$ 925,499	13	Net 90 days after monthly closing	Equivalent	Net 60 to 180 days after monthly closing for general customers	$ 410,725	32	
	Catcher Technology (Suqian) Co., Ltd. 司	Ditto	Sales	340,419	5	Net 90 days after monthly closing	Equivalent	Ditto	340,697	26	
	Leo Co., Ltd.	Ditto	Sales	5,372,713	79	Net 30 days after monthly closing	Equivalent	Ditto	241,298	19	
	Topo Technology (Suzhou) Co., Ltd.	Ditto	Sales	109,003	2	Net 90 days after monthly closing	Equivalent	Ditto	51,959	4	
	Orion Co., Ltd.	Ditto	Purchases	185,114	6	Net 90 days after monthly closing	Equivalent	Net 60 to 120 days after month closing for general suppliers	(753)	-	
Aquila Technology (Suzhou) Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Same parent company	Sales	$ 433,599	80	Net 120 days after monthly closing	Equivalent	Net 60 to 180 days after monthly closing for general customers	$ 213,993	83	
Catcher Technology (Suqian) Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Same parent company	Sales	$ 956,896	5	Net 30 days after monthly closing	Equivalent	Net 60 to 180 days after monthly closing for general customers	$ 223	-	
	Leo Co., Ltd.	Ditto	Sales	4,693,692	26	Net 90 days after monthly closing	Equivalent	Ditto	474,343	6	
	Catcher Technology (Suzhou) Co., Ltd.	Ditto	Sales	915,558	5	Net 30 days after monthly closing	Equivalent	Ditto	-	-	
Catcher Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	Same parent company	Sales	$ 912,757	24	Net 30 days after monthly closing	Equivalent	Net 60 to 180 days after monthly closing for general customers	$ -	-	
Topo Technology (Taizhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same parent company	Sales	$ 1,163,724	94	Net 90 days after monthly closing	No comparable prices for non-related parties	No comparable payment terms for non-related parties	$ 170,050	94	

TABLE 6

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Catcher Technology Co., Ltd.	Orion Co., Ltd.	Subsidiary	$ 210,021	5.65	$ -	Not applicable	$ -	$ -
Topo Technology (Suzhou) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Same parent company	$ 2,139,444	- (Note 1)	-	Not applicable	-	-
			61,700	- (Note 2)	-	Not applicable	-	-
			$ 2,201,144					
	Topo Technology (Taizhou) Co., Ltd.	Ditto	$ 977,700	- (Note 1)	-	Not applicable	-	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Same parent company	$ 629,563	- (Note 2)	-	Not applicable	-	-
			278,044	- (Note 1)	-	Not applicable	-	-
			3,055,313	- (Note 1)	-	Not applicable	-	-
			$ 3,962,920					
			$ 340,697	1.89	-	Not applicable	-	-
	Leo Co., Ltd.	Ditto	$ 241,298	9.82	-	Not applicable	241,298	-
	Topo Technology (Taizhou) Co., Ltd.	Ditto	$ 410,725	3.57	-	Not applicable	-	-
			488,850	- (Note 1)	-	Not applicable	-	-
			103,091	- (Note 2)	-	Not applicable	-	-
	Vito Technology (Suqian) Co., Ltd.	Ditto	$ 488,850	- (Note 1)	-	Not applicable	-	-
			365,486	- (Note 2)	-	Not applicable	-	-
Aquila Technology (Suzhou) Co., Ltd.	Topo Technology (Suzhou) Co., Ltd.	Same parent company	$ 213,993	2.21	-	Not applicable	-	-
Topo Technology (Taizhou) Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same parent company	$ 170,050	8.67	-	Not applicable	-	-
Catcher Technology (Suqian) Co., Ltd.	Leo Co., Ltd.	Same parent company	$ 474,343	9.63	-	Not applicable	474,343	-
	Vito Technology (Suqian) Co., Ltd.	Ditto	$ 285,704	- (Note 2)	-	Not applicable	-	-

(Continued)

Company Name	Related Party	Relationship	Ending Balance	Turnover Ratio	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Catcher Technology (Suzhou) Co., Ltd.	Vito Technology (Suqian) Co., Ltd.	Same parent company	$ 101,065	2.00	$ -	Not applicable	$ -	$ -
			679,168	- (Note 2)	-	Not applicable	-	-
Leo Co., Ltd.	Catcher Technology Co., Ltd.	Parent company	$ 377,371	15.89	-	Not applicable	-	-
Stella International Co., Ltd.	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Same parent company	$ 1,698,885	- (Note 1)	-	Not applicable	-	-
	Catcher Technology (Suqian) Co., Ltd.	Ditto	$ 894,150	- (Note 1)	-	Not applicable	-	-
Gigamag Co., Ltd.	Leo Co., Ltd.	Subsidiary	$ 1,220,136	- (Note 1)	-	Not applicable	-	-
	Orion Co., Ltd.	Ditto	$ 1,406,677	- (Note 1)	-	Not applicable	-	-
	Nanomag International Co., Ltd.	Same parent company	$ 1,728,690	- (Note 1)	-	Not applicable	-	-
	Cygnus International Co., Ltd.	Ditto	$ 1,341,225	- (Note 1)	-	Not applicable	-	-
Hoppi Co., Ltd.	Nanomag International Co., Ltd.	Same parent company	$ 536,490	- (Note 1)	-	Not applicable	-	-
Cygnus International Co., Ltd.	Topo Technology (Taizhou) Co., Ltd.	Same parent company	$ 2,533,425	- (Note 1)	-	Not applicable	-	-
	Catcher Technology (Suqian) Co., Ltd.	Ditto	$ 834,540	- (Note 1)	-	Not applicable	-	-
Castmate International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Same parent company	$ 596,100	- (Note 1)	-	Not applicable	-	-
	Stella International Co., Ltd.	Ditto	922,763	- (Note 1)	-	Not applicable	-	-
			$ 1,518,863					
Lyra International Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Same parent company	$ 1,847,910	- (Note 1)	-	Not applicable	-	-
Avatar Co., Ltd.	Lyra International Co., Ltd.	Same parent company	$ 119,220	- (Note 1)	-	Not applicable	-	-
Orion Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	Same parent company	$ 1,319,037	- (Note 2)	-	Not applicable	-	-

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

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

(Concluded)

TABLE 7

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2013			Net Income (Loss) of the Investee	Share of Profits (Loss) (Note 1)	Note
				December 31, 2013	December 31, 2012	Shares	%	Carrying Amount			
Catcher Technology Co., Ltd.	Gigamag Co.,Ltd.	Offshore Chambers,P.O.Box 217, Apia, Samoa	Investing activities	$ 484,941	$ 484,941	14,377,642	100	$ 10,595,668	$ 2,778,375	$ 2,998,938	
	Nanomag International Co., Ltd.	Scotia Centre, 4th Floor, P.O.Box 2804, George Town,Grand Cayman, Cayman Islands	Ditto	3,678,144	5,983,389	30	100	57,594,036	9,287,145	9,287,145	
	Amity Capital Inc.	1F., No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	Investing activities	29,000	29,000	2,900,000	100	9,143	45	45	
	I-Catcher Optoelectronics Corp.	1F., No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	Manufacturing and selling molds and electronic parts	5,000	4,990	500,000	100	4,031	21	19	
	Sinher Technology Co., Ltd.	10F-1., No. 29-1, Ln. 169, Kangning St., Xizhi Dist. New Taipei City 221, Taiwan (R.O.C.)	Manufacturing electronic parts	121,518	131,502	16,927,917	22.8	524,881	394,413	103,055	
	Epileds Technology Inc.	5F, No. 2 Chuangye Rd., Xinshi Dist. Tainan City 744, Taiwan (R.O.C.)	Manufacturing and selling LED wafer and chip	100,115	100,115	7,347,144	7.3	142,973	60,469	4,823	
	Yue-Kang Health Control Technology Inc.	1F., No. 10, Ln. 138, Renai St., Yongkang Dist., Tainan City 710, Taiwan (R.O.C.)	Health and medical treatment consultant	12,000	10,000	1,200,000	40	2,080	(4,617)	(1,847)	
	Kon-Cheng Accuracy Co., Ltd.	No. 113, Wugong 2nd Road, Wugu Dist., New Taipei City 248, Taiwan (R.O.C.	Manufacturing plastic products	50,000	50,000	5,000,000	40	60,852	27,203	11,252	
Gigamag Co., Ltd.	Hoppi Co., Ltd.	Offshore Chambers, P.O.Box 217, Apia Samoa	International trading	137,066 (USD 4,598,742)	137,066 (USD 4,598,742)	4,598,742	100	3,123,798	507,701		
	Avatar Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Ditto	206,790 (USD 6,938,100)	206,790 (USD 6,938,100)	6,938,100	100	(199,387)	91,986		
	Leo Co., Ltd.	Offshore Chambers, P.O.Box 217, Apia Samoa	Ditto	447,075 (USD 15,000,000)	447,075 (USD 15,000,000)	15,000,000	100	483,903	23,811		
	Orion Co., Ltd.	Offshore Chambers, P.O.Box 217, Apia Samoa	Ditto	149,025 (USD 5,000,000)	149,025 (USD 5,000,000)	5,000,000	100	113,121	1,088,623		
Nanomag International Co., Ltd.	Artery Co., Ltd.	Offshore Chambers, P.O. Box 217, Apia Samoa	Investing activities	18,852 (USD 632,495)	18,852 (USD 632,495)	632,495	100	1,094	99		
	Castmate International Co., Ltd.	P. O. Box 3443 Road Town, Tortola, British Virgin Island	Ditto	1,023,790 (USD 34,349,591)	1,023,790 (USD 34,349,591)	34,349,591	100	24,528,007	1,389,892		
	Stella International Co., Ltd.	Scotia Centre, 4th Floor, P.O.Box 2804, George Town,Grand Cayman, Cayman Islands	Ditto	3,315,630 (USD 111,244,098)	1,402,450 (USD 47,040,600)	111,244,098	100	19,509,508	1,875,042		
	Aquila International Co., Ltd.	Scotia Centre, 4th Floor, P.O.Box 2804, George Town,Grand Cayman, Cayman Islands	Ditto	33,382 (USD 1,120,000)	33,382 (USD 1,120,000)	1,050,000	75	353,445	76,749		
	Gemini International Co., Ltd.	Scotia Centre, 4th Floor, P.O.Box 2804, George Town,Grand Cayman, Cayman Islands	Ditto	87,761 (USD 2,944,500)	87,761 (USD 2,944,500)	2,944,500	100	1,125	(169)		
	Uranus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Ditto	5,931,426 (USD 199,007,763)	5,931,426 (USD 199,007,763)	199,007,763	100	14,328,208	6,211,820		
	Grus International Co., Ltd.	Scotia Centre, 4th Floor, P.O.Box 2804, George Town,Grand Cayman, Cayman Islands	Ditto	894,258 (USD 30,003,618)	894,258 (USD 30,003,618)	30,003,618	100	949,617	(58,453)		
Artery Co., Ltd.	Catcher Technology Phils Inc.	#24 Innovative Street. Subic Bay Industrial Park Phase-1, Subic Bay Freeport Zone, Philippines	Manufacturing, selling and developing varied metal products	3,697 (USD 124,030)	3,697 (USD 124,030)	581,250	100	1,563	100		
Castmate International Co., Ltd.	Cygnus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	4,153,185 (USD 139,345,259)	4,153,185 (USD 139,345,259)	139,345,259	100	23,014,717	1,376,125		
Stella International Co., Ltd.	Lyra International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	4,209,013 (USD 141,218,366)	2,295,428 (USD 77,014,868)	141,218,366	100	17,711,397	1,839,733		
Aquila International Co., Ltd.	Cepheus International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	41,727 (USD 1,400,000)	41,727 (USD 1,400,000)	1,400,000	100	469,415	76,957		
Grus International Co., Ltd.	Sagitta International Co., Ltd.	1004 AXA Centre, 151 Gloucester Road, Wan Chai, Hong Kong	Investing activities	891,579 (USD 29,913,748)	891,579 (USD 29,913,748)	29,913,748	95	947,299	(61,587)		

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

Note 2：Information of investment in Mainland China refer to Table 8.

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note11)	Method of Investment (Note1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2013 (Note 11)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2013 (Note 11)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2013	Accumulated Repatriation of Investment Income as of December 31, 2013
					Outward	Inward						
Catcher Technology (Suzhou) Co., Ltd.	Manufacturing, selling and developing varied metal products	$ 1,490,548 (USD 50,010,000)	2.Cygnus International Co., Ltd. (Note 8)	$ 993,699 (USD 33,340,000)	$ -	$ -	$ 993,699 (USD 33,340,000)	$ 52,425	100	$ 52,425 2.(1)	$ 4,315,463	$ -
Topo Technology (Suzhou) Co., Ltd.	Ditto	3,287,790 (USD 110,310,000)	2.Lyra International Co., Ltd. (Notes 4 and 5)	1,202,334 (USD 40,340,000)	-	-	1,202,334 (USD 40,340,000)	1,880,925	100	1,880,925 2.(1)	12,811,494	-
Topo Technology (Taizhou) Co., Ltd.	Ditto	2,988,523 (USD 100,269,184)	2.Lyra International Co., Ltd. (Note 9)	-	-	-	-	(167,074)	100	(167,074) 2.(1)	2,927,627	-
Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Ditto	3,656,179 (USD 122,670,000)	2.Cygnus International Co., Ltd. (Note 6)	-	-	-	-	1,157,356	100	1,157,356 2.(1)	13,341,391	-
Catcher Technology (Suqian) Co., Ltd.	Ditto	2,980,500 (USD 100,000,000)	2.Uranus International Co., Ltd. (Note 7)	2,831,445 (USD 94,999,000)	-	-	2,831,445 (USD 94,999,000)	6,346,529	100	6,346,529 2.(1)	11,515,626	-
Vito Technology (Suqian) Co., Ltd.	Ditto	2,950,695 (USD 99,000,000)	2.Uranus International Co., Ltd. (Note 10)	-	-	-	-	(134,703)	100	(134,703) 2.(1)	2,925,074	-
Aquila Technology (Suzhou) Co., Ltd.	Manufacturing and selling molds and electronic parts	41,727 (USD 1,400,000)	2.Cepheus International Co., Ltd.	33,382 (USD 1,120,000)	-	-	33,382 (USD 1,120,000)	83,518	75	62,639 2.(1)	408,277	-
WIT Technology (Taizhou) Co., Ltd. (Note 12)	Researching, developing and manufacturing communication electron products	125,181 (USD4,200,000)	2.Cetus International Co., Ltd.	87,627 (USD 2,940,000)	-	-	87,627 (USD 2,940,000)	-	70	-	-	-
Chaohu Yunhai Magnesium Co., Ltd.	Manufacturing and selling dolomite, aluminum, magnesium alloy and other alkaline-earth metal	1,075,470 (RMB 220,000,000)	2.Sagitta International Co., Ltd.	709,359 (USD 23,799,994)	-	-	709,359 (USD 23,799,994)	(125,461)	46	(58,230) 2.(1)	947,103	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2013 (Note 11)	Investment Amounts Authorized by Investment Commission, MOEA (Note 11)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$ 5,857,845 (USD 196,538,994)	$ 21,850,824 (USD 597,029,000) (RMB 829,779,000)	$ 44,105,692

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

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

Note 3：The upper limit on investment in Mainland China is calculated as:
$73,509,487×60%＝$44,105,692

Note 4：The paid-in capital of US$6,670,000, which is self-owned funding of Nanomag International Co., Ltd., is invested in Topo Technology (Suzhou) Co., Ltd. through Stella International Co., Ltd., and the paid-in capital of US$33,300,000 is earning distributed in the third quarter 2011.

Note 5：The paid-in capital of US$30,000,000 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd., and then reinvested in Topo Technology (Suzhou) Co., Ltd..

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

Note 7: The paid-in capital of US$5,001,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd. to Castmate International Co., Ltd. and then invested in Catcher Technology (Suqian) Co., Ltd..

Note 8: The paid-in capital of US$16,670,000 is earnings distributed in the third quarter 2011.

Note 9: The paid-in capital of US$32,900,977 is earnings distributed from Topo Technology (Suzhou) Co., Ltd. to Stella International Co., Ltd. and then invested in Topo Technology (Taizhou) Co., Ltd. On the other hand, US$ 67,368,207 is earnings distributed from the investees in Mainland China to Nanomag International Co., Ltd., and then invested in Topo Technology (Taizhou) Co., Ltd via Lyra International Co., Ltd..

Note 10: The paid-in capital of US$99,000,000 is earnings distributed from Catcher Technology (Suzhou) Co., Ltd., to Nanomag International Co., Ltd. and then invested in Vito Technology (Suqian) Co., Ltd. via Uranus International Co., Ltd..

Note 11: The exchange rate is one US$ for 29.805 New Taiwan dollars on December 31, 2013.
The exchange rate is one RMB for 4.8885 New Taiwan dollars on December 31, 2013.

Note 12: WIT Technology (Taizhou) Co., Ltd. was dissolved in June 2012, and the rest amount of capital has not been wired back Taiwan.(Concluded)

CATCHER TECHNOLOGY CO., LTD.

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2013
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Counterparty	Nature of Relationship	Transaction Type	Amount	(%)	Transaction Detail			Notes/Accounts Receivable (Payable)		Unrealized Gain (Loss)
						Price	Payment Term	Comparison with Normal Transaction	Ending Balance	(%)	
Catcher Technology Co., Ltd.	Leo Co., Ltd.	Subsidiary	Purchases (Note 1)	$ 15,727,736	93	The purchase prices were incomparable	Net 90 days after next month closing	Equivalent	$ (377,371)	(29)	$ 10,236
	Orion Co., Ltd.	Subsidiary	Sales (Note 2)	811,702	4	The purchase prices were incomparable	Net 120 days after monthly closing	Equivalent	210,021	4	-
	Topo Technology (Suzhou) Co., Ltd.	Subsidiary	Purchases of property, plant and equipment	2,053	-	Bargaining	Net 120 days after acceptance	Equivalent	-	-	-

Note 1: The purchases from Catcher Technology (Suzhou) Co., Ltd., Topo Technology (Suzhou) Co., Ltd., Catcher Technology (Suqian) Co., Ltd., and Meeca Technology (Suzhou Industrial Park) Co., Ltd. were made via Leo Co., Ltd.

Note 2: The sales to Catcher Technology (Suzhou) Co., Ltd., Topo Technology (Suzhou) Co., Ltd., Meeca Technology (Suzhou Industrial Park) Co., Ltd. and Catcher Technology (Suqian) Co., Ltd., were made via Orion Co., Ltd.

TABLE 10

CATCHER TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Amounts in Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
0	Catcher Technology Co., Ltd.	Orion Co., Ltd.	1	Sales	$ 811,702	The sales prices were not different to those from third parties, net 120 days after monthly closing	1.88
				Sale of supplies and property, plant and equipment	267,710		0.62
				Receivable from related parties	210,021		0.20
				Purchases of property, plant and equipment	85,037	The purchases prices were bargaining, net 120 days after acceptance or prepaid	0.20
				Prepayments for equipment	12,523		0.01
		Leo Co., Ltd.	1	Purchases	15,727,736	The purchases prices were not different to those from third parties, net 90 days after next month closing	36.37
				Payables to related parties	377,371		0.36
1	Catcher Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	3	Sales	912,757	The sales prices were not different to those from third parties, net 30 days after monthly closing	2.11
				Payables to related parties	70,403		0.07
		Orion Co., Ltd.	3	Purchases	50,333	The purchases prices were not different to those from third parties, net 90 days after month closing	0.12
				Other payables to related parties	36,607		0.03
				Purchases of property, plant and equipment	94,938	The purchases prices were bargaining, net 120 days after acceptance	0.22
		Vito Technology (Suqian) Co., Ltd.	3	Disposal of property, plant and equipment	608,405	The sales prices were bargaining, net 120 days after acceptance	1.41
				Other receivables from related parties	679,168		0.64
				Sales	68,105	The sales prices were not different to those from third parties, net 120 days after monthly closing	0.16
				Receivable from related parties	101,065		0.10
		Topo Technology (Suzhou) Co., Ltd.	3	Sales	16,092	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.04
				Receivable from related parties	42,041		0.04
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3	Disposal of property, plant and equipment	58,160	The sales prices were bargaining, net 120 days after acceptance	0.13
				Other receivables from related parties	63,711		0.06
		Catcher Technology (Suqian) Co., Ltd.	3	Sales	17,248	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.04
				Receivable from related parties	59,497		0.06
2	Topo Technology (Suzhou) Co., Ltd.	Leo Co., Ltd.	3	Sales	4,970,502	The sales prices were not different to those from third parties, net 30 days after monthly closing	11.49
				Payables to related parties	41,036		0.04
		Orion Co., Ltd.	3	Purchases	560,038	The purchases prices were not different to those from third parties, net 90 days after month closing	1.30
				Purchases of property, plant and equipment	186,761	The purchases prices were bargaining, net 120 days after acceptance	0.43
				Payables to related parties	23,408		0.02

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3	Purchases of property, plant and equipment	$ 18,395	The purchases prices were bargaining, net 120 days after acceptance	0.04
				Other payables to related parties	10,570		0.01
				Disposal of property, plant and equipment	36,855	The sales prices were not different to those from third parties, net 120 days after monthly closing	0.09
				Other receivables from related parties	43,981		0.04
		Catcher Technology (Suzhou) Co., Ltd.	3	Sales	105,292	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.24
		Catcher Technology (Suqian) Co., Ltd.	3	Sales	49,898	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.12
				Other receivables from related parties	2,201,144		2.09
				Disposal of property, plant and equipment	33,721	The sales prices were bargaining, net 120 days after acceptance	0.08
		Topo Technology (Taizhou) Co., Ltd.	3	Other receivables from related parties	977,700		0.93
				Interest income	12,913		0.03
		Vito Technology (Suqian) Co., Ltd.	3	Sales	22,673	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.05
				Receivable to related parties	22,969		0.02
3	Meeca Technology (Suzhou Industrial Park) Co., Ltd.	Leo Co., Ltd.	3	Sales	5,372,713	The sales prices were not different to those from third parties, net 30 days after monthly closing	12.43
				Receivable from related parties	241,298		0.23
		Orion Co., Ltd.	3	Purchases	185,114	The purchases prices were not different to those from third parties, net 90 days after month closing	0.43
				Purchases of property, plant and equipment	94,445	The purchases prices were bargaining, net 120 days after acceptance	0.22
		Stella International Co., Ltd.	3	Other payables to related parties	1,698,885		1.61
				Interest expense	32,468		0.08
		Catcher Technology (Suqian) Co., Ltd.	3	Sales	340,419	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.79
				Other income	165,125		0.38
				Disposal of property, plant and equipment	368,298	The sales prices were bargaining, net 120 days after acceptance	0.85
				Interest income	23,998		0.06
				Purchases of property, plant and equipment	15,720	The purchases prices were bargaining, net 120 days after acceptance	0.04
				Receivable from related parties	340,697		0.32
				Other receivables from related parties	3,962,920		3.76
		Topo Technology (Taizhou) Co., Ltd.	3	Sales	925,499	The sales prices were not different to those from third parties, net 90 days after monthly closing	2.14
				Other income	13,220		0.03
				Disposal of property, plant and equipment	97,233	The sales prices were bargaining, net 120 days after acceptance	0.22
				Receivable from related parties	410,725		0.39
				Other receivables from related parties	103,091		0.10
				Other receivables from related parties	488,850		0.46
		Topo Technology (Suzhou) Co., Ltd.	3	Sales	109,003	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.25
				Other income	22,412		0.05
				Receivable from related parties	51,959		0.05

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
		Vito Technology (Suqian) Co., Ltd.	3	Disposal of property, plant and equipment	$ 329,962	The sales prices were bargaining, net 120 days after acceptance	0.76
				Other receivables from related parties	365,486		0.35
				Other receivables from related parties	488,850		0.46
4	Aquila Technology (Suzhou) Co., Ltd.	Catcher Technology (Suqian) Co., Ltd.	3	Sales	22,501	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.05
				Receivable from related parties	21,592		0.02
		Catcher Technology (Suzhou) Co., Ltd.	3	Sales	58,895	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.14
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3	Sales	17,663	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.04
				Receivable from related parties	15,151		0.01
		Topo Technology (Suzhou) Co., Ltd.	3	Sales	433,599	The sales prices were not different to those from third parties, net 90 days after monthly closing	1.00
				Receivable from related parties	213,993		0.20
5	Catcher Technology (Suqian) Co., Ltd.	Leo Co., Ltd.	3	Sales	4,693,692	The sales prices were not different to those from third parties, net 90 days after monthly closing	10.85
				Receivable from related parties	474,343		0.45
		Orion Co., Ltd.	3	Purchases	61,399	The purchases prices were not different to those from third parties, net 90 days after month closing	0.14
				Purchases of property, plant and equipment	2,265,328	The purchases prices were bargaining, net 120 days after acceptance	5.24
				Other payables to related parties	1,319,037		1.25
		Castmate International Co., Ltd.	3	Other payables to related parties	596,100		0.57
		Stella International Co., Ltd.	3	Other payables to related parties	894,150		0.85
		Lyra International Co., Ltd.	3	Other payables to related parties	1,847,910		1.75
		Cygnus International Co., Ltd.	3	Other payables to related parties	834,540		1.14
				Interest expense	11,075		0.03
		Vito Technology (Suqian) Co., Ltd.	3	Technical service income	265,114		0.61
				Other receivables from related parties	285,704		0.39
		Catcher Technology (Suzhou) Co., Ltd.	3	Sales	915,558	The sales prices were not different to those from third parties, net 90 days after monthly closing	2.12
		Topo Technology (Suzhou) Co., Ltd.	3	Sales	956,896	The sales prices were not different to those from third parties, net 90 days after monthly closing	2.21
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3	Sales	54,313	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.13
				Other income	267,302		0.62
				Receivable from related parties	170,050		0.23
6	Topo Technology (Taizhou) Co., Ltd.	Orion Co., Ltd.	3	Purchases of property, plant and equipment	862,411	The purchases prices were bargaining, net 120 days after acceptance	1.17
		Cygnus International Co., Ltd.	3	Other payables to related parties	2,533,425		3.45
				Interest expense	10,384		0.02
		Meeca Technology (Suzhou Industrial Park) Co., Ltd.	3	Sales	1,163,724	The sales prices were not different to those from third parties, net 90 days after monthly closing	2.69
				Other income	267,302		0.62
				Receivable from related parties	170,050		0.23
		Topo Technology (Suzhou) Co., Ltd.	3	Sales	81,587	The sales prices were not different to those from third parties, net 90 days after monthly closing	0.19
				Receivable from related parties	10,785		0.01
7	Vito Technology (Suqian) Co., Ltd.	Orion Co., Ltd.	3	Purchase of property, plant and equipment	253,239	The purchases prices were bargaining, net 120 days after acceptance	0.34

(Continued)

No.	Investee Company	Counterparty	Relationship (Note)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
8	Gigamag Co., Ltd.	Leo Co., Ltd.	3	Temporary payments	1,220,136		1.16
		Orion Co., Ltd.	3	Temporary payments	1,406,677		1.91
		Nanomag International Co., Ltd.	3	Temporary payments	1,728,690		2.35
		Cygnus International Co., Ltd.	3	Temporary payments	1,341,225		1.82
9	Hoppi Co., Ltd.	Nanomag International Co., Ltd.	3	Temporary payments	536,490		0.73
10	Castmate International Co., Ltd.	Stella International Co., Ltd.	3	Temporary payments	922,763		1.26
11	Avatar Co., Ltd.	Lyra International Co., Ltd	3	Temporary payments	119,220		0.16

Note: No. 1 represents transactions from parent company to subsidiaries.

No. 2 represents transactions from subsidiaries to parent company.

No. 3 represents transactions among subsidiaries.