

Stock Code 5371

(This translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail)



Coretronic Corporation

**Handbook for the 2012
Annual General Meeting of Shareholders**

Meeting Time: June 12, 2012

**Place: No. 2, Ke Bei 5th Rd., Science Park, ChuNan 35053, Miao-Li County
(Chunan Science Park)**

Table of Contents

	<u>Page</u>
I. Meeting Procedure -----	1
II. Meeting Agenda -----	2
1. Report Items -----	3
2. Ratification Items -----	4
3. Discussion and election items -----	5
4. Motions -----	10
III. Attachments	
1. 2011 Annual Business Report -----	11
2. Audit Committee's Report -----	13
3. Audited Report and 2011 Financial Statements -----	14
4. Comparison Table of Amendments to the Procedures of Acquisition or Disposal of Assets -----	24
IV. Appendices	
1. Articles of Incorporation -----	32
2. Rules Governing the Conduct of Shareholders Meetings -----	37
3. The Procedures for the Election of Directors-----	40
4. Information on Director Remuneration and Employee Bonus -----	42
5. Impact of Stock Dividend Distribution on Operating Results, Earnings Per Share -----	42
6. Status of all Directors' Shareholding -----	42

Coretronic Corporation
2012 Annual General Shareholder Meeting Procedure

1. Commencement of the Meeting
2. Chairman's Statement
3. Matters to Report
4. Matters for Ratification
5. Matters for Discussion and Election
6. Motions
7. Meeting Adjourned

Coretronic Corporation
2012 Annual General Shareholder Meeting Agenda

Time : 9:00 a.m., June 12(Tuesday), 2012.

Place : No. 2, Ke Bei 5th Rd., Science Park, Chu-Nan, Miao-Li County (Chunan Science Park)

I. Commencement of the Meeting

II. Chairman's Statement

III. Report Items

1. 2011 Annual Business Report.
2. Audit Committee's Report.
3. The execution of issuance of new shares and/or issuance of overseas depositary receipts.
4. The execution of treasury stock.

IV. Ratification Items

1. Ratification of 2011 Annual Business Report and financial statements.
2. Ratification of the proposal for the distribution of 2010 earnings.

V. Discussion and Election Items

1. Proposal of fund raising by issuance of new shares and/or issuance of overseas depositary receipts through cash capital increase.
2. Amending the Company's Articles of Incorporation.
3. Amending the Company's Procedures of Acquisition or Disposal of Assets.
4. To elect two Independent directors.
5. Proposal of release the prohibition on directors from participation in competitive business.

VI. Motions

VII. Meeting Adjourned

Report Items

1. 2011 Annual Business Report

Description: 2011 Annual Business Report is attached as Attachment 1.

2. Audit Committee's Report

Description: The Audit Committee's Report on 2011 Financial Statements is attached as Attachment 2.

3. The Execution of Issuance of New Shares and/or Issuance of Overseas Depository Receipts

Description: (1) In order to support the Company's fund needs for future operation, it was approved by 2011 annual general shareholder meeting to issue new common shares for cash capital increase or overseas depository receipts through cash capital increase, to the extent of NTD 5 billion or 100 million shares (collectively and/or individually offerings).

(2) In consideration of economic condition, cash demand, money and capital market factors, the Company had used other financial tools to meet cash demand and the issuance of new shares or overseas depository receipts cease to be effective.

4. The Execution of Treasury Stock.

Description: (1) To inspire the employees, the company's 707th BOD meeting resolved to exercise treasury stock.

(2) The first buyback period in year 2011 is during August 5 and August 22, and the cumulative buyback stocks amount is 3,000,000 shares. The buyback stocks all transferred to employees according to the procedures.

(3) The execution of 2011's treasury stocks as below :

Term of Buyback	The First Buyback in Year 2011
Purpose of Buyback	Shares Transferred to Employees
Planned Period of Buyback	2011.7.15~2011.9.14
Actual Period of Buyback	2011.8.05~2011.8.22
Planned Buyback Numbers	30,000,000
Actual Buyback Numbers	3,000,000
Amount of Shares Buyback	NTD 76,511,455
Number of Shares having been Written off and Transferred	3,000,000
Cumulative Numbers of Treasury Stock	0

Ratification Items

1. Ratification of 2011 Business Report and Financial Statements. (Proposed by the Board of Directors)

Description:

- (1) The 2011 balance sheet, income statement, statement of changes in shareholders' equity and cash flow statement of the Company audited by Ernst & Young and had issued its review report accordingly.
- (2) Please refer to attachment 1 and 3 for 2011 Business Report and financial statements.
- (3) Please resolve.

Resolution:

2. Ratification of the Proposal for the Distribution of 2010 Earnings. (Proposed by the Board of Directors)

Description:

- (1) The 2011 balance sheet, income statement, statement of changes in shareholders' equity and cash flow statement of the Company audited by Ernst & Young and had issued its review report accordingly.
- (2) Record date for paying cash dividend: Upon the approval of the shareholders meeting, it is proposed to authorize the chairman of BOD to determine the ex-dividend date.
- (3) The total amount of common shares outstanding may change and the ultimate cash dividend to be distributed to each common share may need to be adjusted accordingly should Coretronic subsequently repurchase its common shares or issue new common shares to its employees as a result of their exercise of stock options. It is proposed that the Chairman of BOD be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.
- (4) Please resolve.

Resolution:

Coretronic Corporation
2011's Earnings Distribution Chart

Unit : NTD

Item	Amount	
	Subtotal	Total
Beginning of Unappropriated Earnings		3,409,133,361
Net Profit After Tax	1,513,277,772	
Minus: Appropriated For Legal Reserve	151,327,777	
2011's Unappropriated Earnings		1,361,949,995
Earnings Available For Distribution (Cumulative)		4,771,083,356
Cash Dividends To Shareholders (NTD1.6/per share)	1,158,461,629	1,158,461,629
End of Unappropriated Earnings		3,612,621,727
<p>Note 1 : According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed as per the year that the earnings were gained. Coretronic adopts last in first out method when distributing earnings, which is to say, first distribute earnings from the most current year and then the previous year's when not sufficient.</p> <p>Note 2 : It is proposed to distribute NTD 204,434,406 for employee cash bonus, NTD 0 for directors' remunerations.</p>		

Chairman: Wade Chang President : Sarah Lin, Shen Wang Accounting Officer: Franck Ho

Discussion and Election Items

1. Proposal of Fund Raising by Issuance of New Shares and/or Overseas Depository Receipts Through Cash Capital Increase. (Proposed by the Board of Directors)

- (1) In order to support the Company's fund needs for future operation, it is proposed that the shareholders meeting authorizes the Board based on the Company's needs and market conditions to issue new common shares for cash capital increase and/or issue overseas depository receipts through cash capital increase, to the extent of NTD 5 billion or 100 million shares (collectively and/or individually offerings).
- (2) The principals of fund raising
 - ① Cash capital increase by issuance of new shares
 - A. If the Company issues new common shares for cash capital increase, the shares have par values of NTD 10 and issue at a premium. In addition, 15% shall be set aside for subscription by employees as per Article 267 of the Company Act.
 - B. In accordance with Article 28-1 of the Securities and Exchange Act, the remaining

should be offered in public through public subscription or book building. With respect to the shares not yet subscribed during the specified period, it is proposed to the shareholders meeting for authorizing the Chairman to approach and/or designate certain person for the subscription of such shares at the Price. The percentage of public offers shall be as follows:

- a. Public Subscription approach : 15% of the total issued new shares shall be retained for employees' options and 10% thereof for public offer, and the remaining 75% for the original shareholders' subscription based on the shareholding ratios held by the shareholders on the record date of subscription.
- b. Book Building approach : 15% of the total issued new shares will be retained for employees' options and the remaining 85% will be contributed under the book-building method and offered publicly pursuant to Article 28-1 of the Securities and Exchange Act. The issue price shall be decided by the regulations and market conditions. For the determination of offering price after book building process, it is proposed that the shareholders meeting authorizes the Chairman to negotiate with the underwriter to have actual price determined and submit the proposal to the Financial Supervisory Commission Executive Yuan, R.O.C., Securities and Futures Bureau for approval.

② Issuance of overseas depositary receipts through cash capital increase

- A. Upon participating in issuing overseas depositary receipts through cash increment by common stocks, 15% of the total issued new shares will be retained for employees' options pursuant to Article 267 of the Company Law. The remaining 85% will be contributed and offered publicly by the shareholders meeting pursuant to Article 28-1 of the Securities and Exchange Act, which serve to be the securities of the overseas depositary receipts as issued. The Chairman of the Board is authorized to contact specific persons to subscribe for the stocks which employees waive the right to subscribe for or do not subscribe for, or to include such stocks into the securities of the overseas Depositary Receipts.
- B. The price of the above overseas depositary receipts will be set in accordance with the "Self Discipline Rules of the Chinese Securities Association Governing Securities Underwriters for Offering and Issuance of Securities by Securities Issuers". It is hereby proposed to the shareholders meeting for authorizing the Chairman to negotiate with the underwriters and determine the price of the overseas depositary receipts taking into consideration of then current capital market conditions, as well as the book-building. The basis of the above price setting arrangement is reasonable.
- C. The Company would issue overseas depositary receipts through cash capital

increase to the extent of NTD 5 billion or 100 million shares. For the rights of original shareholders, if calculated by the raising amount with par value of NTD 10, the issuance of new shares will have the maximum dilution rate at 69.06%; if calculated by the limited shares, the issuance of new shares will have the maximum dilution rate at 13.81%. However, after the capital increase produces positive effects, the Company's competitiveness is expected to be enhanced. In addition, as the overseas depositary receipts' issue price is decided based on the fair market price of the company's common stock, the issuance should have no major negative impacts on shareholders' rights and interests.

- (3) It is proposed to the shareholders meeting for authorizing the Board of Directors to determine the details of the issuance of new shares and/or insurance of overseas depositary receipts through cash capital increase, including the number of shares to be issued, the offering plan, the underwriter approach, the projected items, the projected schedule for the use of proceeds, the projected results and any matters not provided herein, and based on the Company's needs and market conditions to issue shares collectively and/or individually offerings. It is also proposed to shareholders for authorizing the Board of Directors with full rights to follow-up and/or handles any adjustment, revisions and/or amendments which may be triggered by the amendment of law, the opinion or comments of the authority, and/or then market conditions.
- (4) The proposal of Year 2011 on issuance of new shares for capital increase in cash and/or issue GDR for the new common shares from cash capital increase shall automatically cease to be effective once the said proposal would be discussed and passed by the shareholders meeting of Year 2012.
- (5) Please resolve.

Resolution:

2. Proposal of Amending the Company's Articles of Incorporation. (Proposed by the Board of Directors)

- (1) To comply with the applicable laws, it is proposed to make certain amendments to the Articles of Incorporation of the Company.
- (2) Please see below for a comparison table of the original provisions and amendments.

Original Version	Amendment Version	Note
<p>Article 17</p> <p>The resolution adopted at the shareholders meeting shall be recorded in the minutes of the meetings and be signed or sealed by the chairman. The minutes shall be issued to all shareholders within 20 days after the shareholders meeting.</p> <p>The Company may provide the minutes in the foregoing paragraph to shareholders</p>	<p>Article 17</p> <p>The resolution adopted at the shareholders meeting shall be recorded in the minutes of the meetings and be signed or sealed by the chairman. The minutes shall be issued to all shareholders within 20 days after the shareholders meeting.</p> <p>The Company may provide the minutes in the foregoing paragraph to shareholders</p>	<p>To comply with the applicable laws</p>

Original Version	Amendment Version	Note
holding less than 1,000 shares of registered stock via an announcement.	holding less than 1,000 shares of registered stock via an announcement.	
<p>Article 21</p> <p>Except as otherwise provided in the relevant laws or this Articles of Incorporation, any resolution of a Board of Directors' meeting shall be adopted at a meeting which at least general majority of the directors attend and at which meeting more <u>than 50%</u> of the directors present vote in favor of such resolution.</p> <p>Minutes of meetings shall be prepared for all resolutions adopted at a Board of Directors' meeting.</p>	<p>Article 21</p> <p>Except as otherwise provided in the relevant laws or this Articles of Incorporation, any resolution of a Board of Directors' meeting shall be adopted at a meeting which at least general majority of the directors attend and at which meeting <u>a general majority</u> of the directors present vote in favor of such resolution.</p> <p>Minutes of meetings shall be prepared for all resolutions adopted at a Board of Directors' meeting.</p>	To comply with the applicable laws
<p>Article 30</p> <p>This Articles of Incorporation adopted on June 18, 1992; 1st amended on September 6, 1993; 2nd amended on April 7th, 1994; 3rd amended on September 25th, 1995; 4th amended on November 8, 1996; 5th amended on September 26, 1997; 6th amended on June 12, 1998; 7th amended on April 20, 1999; 8th amended on April 25, 2010; 9th amended on June 18, 2001; 10th amended on May 29, 2002; 11th amended on May 29, 2002; 12th amended on May 25, 2004; 13th amended on May 26, 2005; 14th amended on June 2, 2006; 15th amended on June 16, 2007; 16th amended on June 13, 2008; 17th amended on June 15, 2010; There Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.</p>	<p>Article 30</p> <p>This Articles of Incorporation adopted on June 18, 1992; 1st amended on September 6, 1993; 2nd amended on April 7th, 1994; 3rd amended on September 25th, 1995; 4th amended on November 8, 1996; 5th amended on September 26, 1997; 6th amended on June 12, 1998; 7th amended on April 20, 1999; 8th amended on April 25, 2010; 9th amended on June 18, 2001; 10th amended on May 29, 2002; 11th amended on May 29, 2002; 12th amended on May 25, 2004; 13th amended on May 26, 2005; 14th amended on June 2, 2006; 15th amended on June 16, 2007; 16th amended on June 13, 2008; 17th amended on June 15, 2010; <u>18th amended on June 12, 2012</u>; There Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.</p>	Add the amendment of 18 th and date

(3) Please resolve.

Resolution:

3. Proposal of Amending the Procedures of Acquisition or Disposal of Assets. (Proposed by the Board of Directors)

- (1) To comply with the authority's regulatory requirements and to accommodate the Company's actual business needs, the BOD proposes to amend the Procedures of Acquisition or Disposal of Assets.
- (2) With respect to the acquisition or disposal of business-use machinery and equipment between the company and its subsidiaries, the company's board of directors may pursuant to delegate the board chairman to decide when the transaction is within NTD

500 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting. The previous diligence will be effect after this shareholders meeting.

(3)The comparison table of amendments to the Procedures of Acquisition or Disposal of Assets is attached as Attachment 4.

(4) Please resolve.

Resolution:

4. To Elect Two Independent Directors (Proposed by the Board of Directors)

(1) Dr.Han-Ping Shieh and Yen-Chun Wang resigned the independent directorship. The new two elected independent directors shall expire the same term with the existing directors, from June 12, 2012 to June 14, 2013.

(2) According to the relevant regulations, the election of independent directors is conducted under the "candidate nomination system". The independent directors shall be elected from the nominated candidates approved by the 713th BOD meeting. The independent director candidates' academic background, experience and relevant information are attached hereto as below :

Name	Mr. Hsiao-Cheng Yu	Mr. Chual-Hsin Teng
Highest Education	Ph. D., School of Industrial & Systems Eng., Georgia Institute of Technology	Executive Master of Business Administration, National Chengchi University
significant position	Professor, Institute of Technology Management, National Chiao-Tung University	Chairman & President , Thin Chang Co., Ltd
Holding Shares	0	0

(3) Please elect.

Election Results:

5. Proposal of Release the Prohibition on Directors from Participation in Competitive Business. (Proposed by the Board of Directors)

(1) Pursuant to Article 209-1 of the Company Act, a director engaging, either for himself or on behalf of another person, activities that are within the scope of the Company's business, shall explain at the shareholders meeting the essential details of such activities and obtain the shareholders approval for engaging in such activities.

(2) Directors who participate in the operations of another company that engages in the same or similar business scope as the Company, and who have not obtained the approval from the shareholders, hereby requests the shareholders' approval to release the current directors and the new elected directors from the non-competition restrictions in

accordance. The current directors non-competition restrictions hereto as below :

Title	Name	non-competition restrictions
Director	Wade Chang	Director of Young Optics Inc, Chung Tsen Investment Co., Coretronic Venture Capital Co., Young Bright Optical (Suzhou) Co., Young Green Energy Co., Young Bright Technology Co., Young Lighting Technology Inc., and Coretronic System Engineering Co., Chairman of Hu Kou branch of Coretronic Co.
Director	Hsun Chieh Investment Co.	Director of Harvatek Co., United Microelectronics Co., Supervisor of Novatek Microelectronics Co., Unimicron Technology Co.
Director	Frank Juang	Director of Young Optics Inc, Chung Tsen Investment Co., Young Bright Optical (Suzhou) Co., Young Bright Technology Co., Rays Optics Inc., Young Lighting Technology Inc., Coretronic System Engineering Co., Coretronic Venture Capital Co., and Taiwan Opportunities Fund Limited, Independent director of Browave Co.
Director	Robert Huang	Director of Young Green Energy Co., Optoma Corp. ,Independent director of Wistron NeWeb Co.
Independent Director	Ted Tu	Director of Lafa LifeTech Co., Independent director of Optoma Corp. , Sitronix Technology Co., and Chunghwa Picture Tubes, Ltd

(3) Please resolve.

Resolution:

Motions

Meeting Adjourned

Attachment 1

Coretronic Corporation

2011 Annual Business Report

For the fiscal year of 2011, Coretronic reported consolidated sales revenue of NT\$77,063 million and the operating income totaled NT\$2,022 million with a net income of NT\$1,919 million. Net income attributable to equity holders of the parent company was NT\$1,513 million with the basic EPS* of NT\$2.09 per common share.

Sales breakdowns by product lines in 2011 as below: (Consolidated)

Product	2011	2010	Diff.
LCD Backlight (pcs)	63,010,660	78,150,276	(19%)
Projector (units)	1,230,802	1,326,548	(7%)

In 2011, Coretronic took important steps to further our development in advanced technologies of Backlight including screen printing, inkjet and laser printing, and successfully developed all kinds of backlight units including slim LCD Monitor and LCD TV. In addition, we have achieved the mass production of Hinge Up NB display with our system integration ability and the special positioning structure of NB cover designing; we have combined backlight unit with related NB cover components and realized the structure of integrated ultra-thin NB display unit, which will make the traditional material of backlight unit, such as plastic frame and back cover, unnecessary to reduce cost and make the product ultra-slim. Meanwhile, we have successfully developed thin, straight-down LED backlight unit for TV so that we can reduce LED chips numbers to decrease carbon emission and save energy.

Due to the availability of micro projection and LED light source components, Coretronic continues to develop a series of new products with features such as portability, easy setup, auto image detection and USB interface, allowing for integration with portable electronic products. This helps Coretronic expand its product lines in display sharing and mobile projection. Via the introduction of dual-lamp high efficiency optical engine platform, Coretronic had also entered into the professional market of high brightness. In addition, catering to the site characteristics of professional applications, Coretronic had developed a system thermal design with effective cooling at all installation angles to ensure projector reliability and provide unconstrained setup environments for end users. As corporate and educational applications are the two main projector markets, Coretronic regards enhanced functionality and usability as two pivotal development targets. Hence, a series of new-generation light-weight and high-lumen digital commercial projectors, interactive ultra-short-throw projectors for the educational applications, 3D full HD home theater projectors, and dual-lamp ultra-bright large venue projectors have hit the market in succession.

Looking into the future, Coretronic will adhere to its mission as a leader in the digital display system technology sector and aim to implementing the following strategies:

- (1) Using optical technology as a core competitive strength to expand into other optical components and system products; to increase product value-add and price competitiveness; and to strengthen global competitive edge in terms of backlighting and projection technology.
- (2) Improving processing techniques of various light guide plates and backlight module and develop R&D platforms which can be expansively applied to all kinds of advanced display system products.
- (3) Improving operation models, provide optimal design, production and after-sales services, and foster closer relationships with LCD panel manufacturers and brand name customers.
- (4) Continuing to develop Pocket projectors, ultra short-throw projectors,

3D projectors and large venue projectors and expand product applications by working with product road map of Taxes Instrument. (5) In response to the availability of micro projection and LED light source components, continuing to develop new products that combined with portable electronic products, allowing Coretronic to enter the markets of display sharing and mobile projection. (6) Developing seamless multi-projector display technology and multimedia interactive techniques, thus expanding into the system integration field. (7) Promoting the organization using the information technology to manage the potency; Integrate group resources deployment, promote to transfer the investment enterprise achievements; Strengthen various overseas organization function and the establishment, enhance the overall achievements. (8) With reference to corporate operating growth and financial positioning strategies, utilizing financing tools such as optimal capital market and the money market to acquire low-cost working capital as support to sustain operation growth and long-term development needs. Building consensus through engagement to enable teamwork, innovation and execution; materializing the vision to build technologies foundation for sustainable business and pursuing the ultimate interest of shareholders and staff.

Sincerely,

Chairman: Wade Chang President: Sarah Lin, Shen Wang Accounting Officer: Franck Ho

Audit Committee's Report

To: 2012 General Shareholders Meeting of Coretronic Corporation

The Board of Directors of the Company has delivered the 2011 business report, the financial statements and the proposed 2011 earnings distribution. The aforesaid 2011 financial statements of the Company and the consolidated financial statements had been audited by Ernst & Young. The Audit Committee has examined the above statements and found nothing out of order and thus prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

Coretronic Corporation

Chairman of the Audit Committee : Ted Tu

Date: April 26, 2012

INDEPENDENT AUDITORS' REPORT
English Translation of a Report Originally Issued in Chinese

To the Board of Directors and Stockholders of Coretronic Corporation

We have audited the accompanying balance sheets of Coretronic Corporation (the "Company") as of December 31, 2011 and 2010, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coretronic Corporation as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with requirements of the Business Entity Accounting Act and Regulation on Business Entity Accounting Handling with respect to financial accounting standards, Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the R.O.C.

The Company has prepared consolidated financial statements as of December 31, 2011 and 2010 and for the years then ended. We have expressed an unqualified opinion those consolidated financial statements.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 14, 2012
Taipei, Taiwan
Republic of China

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the R.O.C.

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
BALANCE SHEETS
December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars)

	As of December 31,		As of December 31,	
	2011	2010	2011	2010
	Amount	%	Amount	%
Assets				
Current assets				
Cash and cash equivalents	\$ 4,358,447	14.95	\$ 11,414,120	31.92
Financial assets at fair value through profit or loss-current	3,227	0.01	10,319	0.03
Hedging derivative financial assets-current	16,849	0.06	162,970	0.46
Notes receivable-net	-	-	2,830	0.01
Accounts receivable-net	2,053,659	7.04	2,786,373	7.79
Accounts receivable-related parties-net	1,922,285	6.59	1,692,932	4.74
Other receivables	42,414	0.14	47,198	0.13
Other receivables-related parties	591,196	2.03	677,821	1.90
Inventories-net	1,410,519	4.84	1,345,188	3.76
Prepayments	97,687	0.33	79,532	0.22
Other current assets	3,234	0.01	4,360	0.01
Deferred income tax assets-current	72,001	0.25	108,831	0.30
Restricted assets-current	14,629	0.05	107,56	0.03
Total current assets	10,586,157	36.30	18,343,250	51.30
Funds and investments				
Long-term investments accounted for under the equity method	16,756,603	57.46	15,510,342	43.38
Financial assets measured at cost-noncurrent	221	-	44,250	0.12
Total funds and investments	16,756,824	57.46	15,554,592	43.50
Property, plant and equipment				
Land	23,901	0.08	23,901	0.07
Buildings and improvements	2,235,103	7.67	2,226,444	6.23
Machinery and equipments	217,384	0.75	203,821	0.57
Transportation equipments	404	-	3,049	0.01
Office equipments	24,358	0.08	40,717	0.11
Leasehold improvements	1,085	-	-	-
Other equipments	262,577	0.90	184,560	0.51
Subtotal	2,764,812	9.48	2,682,492	7.50
Less: Accumulated depreciation	(894,656)	(3.41)	(916,683)	(2.56)
Accumulated impairment	(70,280)	(0.24)	(31,936)	(0.09)
Prepayments for purchases of machinery and equipment	108	-	6,808	0.02
Property, plant and equipment, net	1,699,994	5.83	1,740,681	4.87
Intangible assets				
Patents	14,231	0.05	15,319	0.04
Computer software cost	13,768	0.05	22,158	0.06
Total intangible assets	27,999	0.10	37,477	0.10
Other assets				
Lease-d assets	51,743	0.18	56,732	0.16
Refundable deposits	8,426	0.03	8,086	0.02
Deferred income tax assets-noncurrent	16,745	0.05	-	-
Other assets-others	14,285	0.05	15,879	0.05
Total other assets	91,199	0.31	80,707	0.23
Total assets	\$ 29,162,163	100.00	\$ 33,756,707	100.00
Liabilities and Shareholders' Equity				
Current liabilities				
Short-term debts	\$ 2,781,626	9.54	\$ 5,750,262	16.08
Financial liabilities at fair value through profit or loss-current	3,328	0.01	183,315	0.51
Hedging derivative financial liabilities-current	13,331	0.05	299,136	0.84
Notes payable	853	-	832	-
Accounts payable	2,440,755	8.37	4,230,825	11.83
Accounts payable-related parties	544,636	1.87	835,192	2.34
Income tax payable	275,342	0.94	391,858	1.10
Accrued expenses	1,677,374	5.75	2,196,201	6.14
Other payables	125,883	0.43	101,135	0.28
Payable to equipment suppliers	51,042	0.18	55,801	0.16
Other current liabilities	493,004	1.69	309,118	0.87
Product warranty liabilities	70,401	0.24	347,981	0.97
Total current liabilities	8,477,575	29.10	14,701,656	41.12
Long-term debts - interest bearing				
Long-term loans	-	-	436,950	1.22
Other liabilities				
Accrued pension liabilities	50,516	0.17	70,099	0.19
Deposits received	226	-	996	-
Deferred income tax liabilities-noncurrent	-	-	30,870	0.09
Total other liabilities	50,742	0.17	101,965	0.28
Total liabilities	8,528,317	29.24	15,240,571	42.62
Stockholders' equity				
Stock	7,240,385	24.83	7,240,385	20.25
Common stock	-	-	-	-
Capital surplus	4,437,847	15.22	4,437,847	12.41
Common stock and bonds conversion premiums	104,980	0.36	104,980	0.29
Treasury stocks transactions	472,251	1.62	462,236	1.29
Change in equities of long-term investments	-	-	-	-
Retained earnings	2,292,170	7.86	1,938,635	5.42
Legal reserve	-	-	23,363	0.07
Special reserve	-	-	-	-
Unappropriated earnings	4,922,411	16.88	6,273,440	17.55
Other adjustment in stockholders' equity	-	-	-	-
Cumulative translation adjustment	1,290,820	4.42	175,965	0.49
Net loss not recognized as pension cost	(1,339)	-	(4,549)	(0.01)
Unrealized gain or loss on financial instruments	(49,168)	(0.17)	(136,166)	(0.38)
Treasury stocks	(76,511)	(0.26)	-	-
Total stockholders' equity	20,633,846	70.76	20,516,136	57.38
Total liabilities and stockholders' equity	\$ 29,162,163	100.00	\$ 33,756,707	100.00

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
STATEMENTS OF INCOME
For the years ended December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per share)

	For the years ended December 31,			
	2011		2010	
	Amount	%	Amount	%
Operating revenues				
Sales revenues	\$ 20,872,251	102.98	\$ 31,994,418	101.98
Less: sales returns	378,045	1.87	412,405	1.32
sales allowances	225,485	1.11	208,100	0.66
Net operating revenues	20,268,721	100.00	31,373,913	100.00
Cost of goods sold	18,065,241	89.13	28,393,665	90.50
Gross profit	2,203,480	10.87	2,980,248	9.50
Realized intercompany profit	87,986	0.44	80,032	0.25
Unrealized intercompany profit	103,879	0.51	87,986	0.28
Gross profit-net	2,187,587	10.80	2,972,294	9.47
Operating expenses				
Selling	336,179	1.66	348,213	1.11
Administrative	760,228	3.75	1,064,971	3.39
Research and development	1,160,729	5.73	1,192,977	3.80
Subtotal	2,257,136	11.14	2,606,161	8.30
Operating (loss) income	(69,549)	(0.34)	366,133	1.17
Non-operating income				
Interest revenues	36,451	0.18	23,011	0.07
Investment gain accounted for under the equity method, net	1,155,263	5.70	2,845,318	9.07
Dividend income	62,622	0.31	-	-
Gain on disposal of property, plant and equipment	540	-	-	-
Exchange gain, net	-	-	317,331	1.01
Rent revenue	50,305	0.25	62,496	0.20
Gain on valuation of financial assets and liabilities, net	432,317	2.13	4,077	0.01
Other income	156,094	0.77	176,173	0.56
Subtotal	1,893,592	9.34	3,428,406	10.93
Non-operating expenses				
Interest expense	79,954	0.39	63,116	0.20
Loss on disposal of property, plant and equipment	-	-	25,286	0.08
Exchange loss, net	138,930	0.69	-	-
Impairment loss	39,435	0.19	-	-
Other losses	7,377	0.04	7,374	0.02
Subtotal	265,696	1.31	95,776	0.31
Income before income tax	1,558,347	7.69	3,698,763	11.79
Income tax expense	(45,069)	(0.22)	(163,409)	(0.52)
Net income	\$ 1,513,278	7.47	\$ 3,535,354	11.27
	Pre-tax	Post-tax	Pre-tax	Post-tax
Earnings per share-basic (NTD)	\$ 2.16	\$ 2.09	\$ 5.11	\$ 4.88
	Pre-tax	Post-tax	Pre-tax	Post-tax
Earnings per share-diluted (NTD)	\$ 2.12	\$ 2.06	\$ 5.01	\$ 4.79

English Translation of Financial Statements Originally Issued in Chinese
 CORETRONIC CORPORATION
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 For the years ended December 31, 2011 and 2010
 (Expressed in Thousands of New Taiwan Dollars)

Description	Retained earnings							Total stockholders' equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Cumulative translation adjustment	Net loss not recognized as pension cost		Unrealized gain or loss on financial instruments	Treasury Stock
Balance as of January 1, 2010	\$ 7,240,385	\$ 4,864,372	\$ 1,670,903	\$ 329	\$ 5,056,160	\$ 828,108	\$ (3,277)	\$ (20,066)	\$ -	\$ 19,636,884
Appropriation and distribution of 2009 retained earnings (Note 1)	-	-	267,732	-	(267,732)	-	-	-	-	-
Legal reserve	-	-	-	23,034	(23,034)	-	-	-	-	-
Special reserve	-	-	-	-	(2,027,308)	-	-	-	-	(2,027,308)
Cash dividends	-	-	-	-	-	-	-	-	-	140,691
Adjustment of capital surplus accounted for under the equity method	-	140,691	-	-	-	-	-	-	-	3,535,354
Net income for the year ended December 31, 2010	-	-	-	-	3,535,354	(652,143)	-	-	-	(652,143)
Changes in cumulative translation adjustments	-	-	-	-	-	-	(1,272)	-	-	(1,272)
Net loss not recognized as pension cost	-	-	-	-	-	-	(1,272)	-	-	(1,272)
Changes in unrealized gain or loss of cash flow hedges	-	-	-	-	-	-	-	(116,080)	-	(116,080)
Balance as of December 31, 2010	7,240,385	5,005,063	1,938,635	23,363	6,273,440	175,965	(4,549)	(136,166)	-	20,516,136
Appropriation and distribution of 2010 retained earnings (Note 2)	-	-	353,535	-	(353,535)	-	-	-	-	-
Legal reserve	-	-	-	(23,363)	23,363	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(2,594,135)	-	-	-	-	(2,534,135)
Cash dividends	-	-	-	-	-	-	-	-	-	10,015
Adjustment of capital surplus accounted for under the equity method	-	10,015	-	-	-	-	-	-	-	1,513,278
Net income for the year ended December 31, 2011	-	-	-	-	1,513,278	1,114,855	-	-	-	1,114,855
Changes in cumulative translation adjustments	-	-	-	-	-	-	3,210	-	-	3,210
Net loss not recognized as pension cost	-	-	-	-	-	-	-	-	-	51,710
Changes in unrealized gain or loss of available-for-sale financial assets	-	-	-	-	-	-	-	35,288	-	35,288
Changes in unrealized gain or loss of cash flow hedges	-	-	-	-	-	-	-	-	(76,511)	(76,511)
Treasury stock repurchased	-	-	-	-	-	-	-	-	-	-
Balance as of December 31, 2011	\$ 7,240,385	\$ 5,015,078	\$ 2,292,170	\$ -	\$ 4,922,411	\$ 1,290,820	\$ (1,339)	\$ (49,168)	\$ (76,511)	\$ 20,633,846

Note 1: Employees' bonuses of NT\$ 361,437 thousand were deducted from statements of income as expenses.
 Note 2: Employees' bonuses of NT\$ 480,950 thousand were deducted from statements of income as expenses.

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars)

Description	For the years ended December 31,	
	2011	2010
Cash flows from operating activities :		
Consolidated net income	\$ 1,513,278	\$ 3,535,354
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (including assets leased to others)	175,829	170,305
Amortization	14,028	16,205
Impairment loss	39,435	-
Bad debt expenses	2,444	747
Net (gain) loss on disposal of property, plant and equipment	(540)	25,286
Inventory loss provision	14,809	16,815
Cash dividends received under the equity method	1,246,130	500,794
Loss on disposal of intangible assets (Under other losses)	-	49
Employees' bonuses	191,373	477,273
Transfer of financial assets measured at cost-return of capital to other income	(14,477)	-
Net (gain) loss on equity investments	(1,155,263)	(2,845,318)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss – current	7,092	(10,151)
Notes receivable	2,830	(2,830)
Accounts receivable	730,270	1,750,529
Accounts receivable-related parties	(229,353)	462,196
Other receivables	4,784	(17,303)
Other receivables-related parties	87,382	973,804
Inventories	(80,140)	(87,802)
Prepayments	(17,536)	1,270
Other current assets	1,126	11,817
Deferred income tax assets	20,085	4,778
Financial liabilities at fair value through profit or loss – current	(179,987)	149,482
Notes payable	21	-
Accounts payable	(1,790,070)	(650,175)
Accounts payable-related parties	(290,556)	(1,651,022)
Income tax payable	(116,516)	(15,952)
Accrued expenses	(710,200)	(269,250)
Other payables	24,139	13,663
Other current liabilities	183,886	123,348
Product warranty liabilities	(277,580)	11,850
Deferred income tax liabilities	7,396	683
Accrued pension liabilities	(19,583)	(2,032)
Net cash (used in) provided by operating activities	(615,464)	2,694,413
Cash flows from investing activities :		
Purchase of property, plant and equipment	(184,691)	(97,784)
Proceeds from disposal of property, plant and equipment	10,137	3,843
Proceeds from disposal of intangible assets	116	70
Financial assets measured at cost-return of capital	58,506	-
Acquisition of long-term investments accounted for under the equity method	(300,000)	(470,537)
Increase in intangible assets	(3,072)	(33,634)
Increase in other assets-others	-	(2,080)
Increase in refundable deposits	(330)	(875)
(Increase) decrease in restricted assets	(3,873)	5,286
Net cash used in investing activities	(423,207)	(595,711)
Cash flows from financing activities :		
(Decrease) increase in short-term debts	(2,968,636)	659,053
Decrease in long-term bank loans	(436,950)	-
Increase in long-term bank loans	-	198,624
(Decrease) increase in deposits received	(770)	469
Repurchase of treasury stock	(76,511)	-
Cash Dividends	(2,534,135)	(2,027,308)
Net cash used in financing activities	(6,017,002)	(1,169,162)
Net (decrease) increase in cash and cash equivalents	(7,055,673)	929,540
Cash and cash equivalents at beginning of the period	11,414,120	10,484,580
Cash and cash equivalents at end of the period	\$ 4,358,447	\$ 11,414,120
Supplemental disclosures of cash flow information :		
Interest paid during the year	\$ 83,491	\$ 60,510
Income tax paid during the year	\$ 133,832	\$ 179,979
Purchase of properties:		
Proceeds from disposal of property, plant and equipment	\$ 179,932	\$ 89,816
Changes in payable to equipment suppliers (including other payables-related parties)	4,759	7,968
Cash paid	\$ 184,691	\$ 97,784

INDEPENDENT AUDITORS' REPORT
English Translation of a Report Originally Issued in Chinese

To the Board of Directors and Stockholders of Coretronic Corporation

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended. 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.

We conducted our audits in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China (R.O.C.). Those 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 provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coretronic Corporation and its subsidiaries as of December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with requirements of the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, and accounting principles generally accepted in the R.O.C.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 14, 2012
Taipei, Taiwan
Republic of China

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the R.O.C. and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the R.O.C.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 CORETRONIC CORPORATION AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 December 31, 2011 and 2010
 (Expressed in Thousands of New Taiwan Dollars)

	As of December 31,		As of December 31,		
	2011	2010	2011	2010	
	Amount	%	Amount	%	Amount
Assets					
Current assets					
Cash and cash equivalents	\$ 14,321,728	28.07	\$ 23,358,563	41.10	\$ 7,068,063
Financial assets at fair value through profit or loss-current	25,414	0.05	15,911	0.03	5,036
Derivative financial assets-current	20,866	0.04	162,970	0.29	194,182
Notes receivable-net	152,276	0.31	119,806	0.21	299,136
Accounts receivable-net	14,515,714	29.37	14,350,551	25.25	18,702
Accounts receivable-related parties-net	35,566	0.07	18,919	0.03	13,344,989
Other receivables	255,529	0.52	245,294	0.43	916,161
Other receivables-related parties	74	-	1,136	-	4,160,504
Inventories-net	7,678,860	15.54	6,826,764	12.01	2,501
Prepayments	513,471	1.04	655,228	1.15	7,674
Other current assets	151,933	0.31	107,533	0.19	882
Deferred income tax assets-current	147,396	0.30	204,911	0.36	654,960
Restricted assets-current	71,388	0.14	62,920	0.11	573,975
Total current assets	37,890,215	76.66	46,130,526	81.16	354
Funds and investments					
Long-term investments accounted for under the equity method	52,108	0.11	36,309	0.06	25,512,449
Financial assets at fair value through profit or loss-non-current	113,100	0.23	-	-	51.61
Available-for-sale financial assets-non-current	62,486	0.13	-	-	14,142
Financial assets measured at cost-non-current	276,157	0.55	393,335	0.69	1,137
Total funds and investments	503,851	1.02	429,644	0.75	15,279
Property, plant and equipment					
Land	74,900	0.15	74,900	0.13	113,858
Buildings and improvements	5,832,720	11.80	5,691,538	10.02	24,045
Machinery and equipments	5,101,312	10.32	4,223,046	7.43	0.05
Transportation equipments	110,297	0.23	104,152	0.18	-
Office equipments	737,273	1.49	545,450	0.96	3,654
Leasehold assets	1,885	-	1,753	-	141,557
Leasehold improvements	2,546,074	5.15	2,832,105	4.98	0.29
Other equipments	2,016,519	4.08	1,672,216	2.95	25,669,285
Subtotal	16,420,980	33.22	15,145,160	26.65	7,240,385
Less: Accumulated depreciation	(6,662,052)	(13.48)	(6,074,012)	(10.69)	113,858
Accumulated impairment	(687,533)	(1.39)	(420,619)	(0.74)	24,045
Construction in progress	454,103	0.92	116,762	0.21	0.05
Prepayments for purchases of machinery and equipment	163,821	0.33	381,304	0.67	-
Property, plant and equipment, net	9,689,319	19.60	9,148,595	16.10	7,240,385
Intangible assets					
Trademarks	476,640	0.96	476,425	0.84	8,98
Patents	14,231	0.03	15,319	0.03	104,980
Computer software cost	61,490	0.12	71,111	0.13	472,251
Goodwill	123,487	0.25	123,487	0.22	2,292,170
Deferred pension cost	22,052	0.05	25,416	0.04	-
Technological know-how	24,534	0.05	16,534	0.03	4,922,411
Rights to use land	92,830	0.19	138,500	0.24	1,290,820
Intangible assets-others	5,581	0.01	1,788	-	(1,339)
Total intangible assets	820,825	1.66	868,580	1.53	(4,549)
Other assets					
Leased assets	233,842	0.47	56,732	0.10	(49,168)
Refundable deposits	133,343	0.27	103,675	0.18	(76,511)
Deferred charges	28,107	0.06	13,141	0.02	20,633,846
Deferred income tax assets-non-current	36,480	0.07	-	-	41.75
Restricted assets-non-current	21,394	0.04	20,602	0.04	6.32
Other assets-others	71,605	0.15	67,625	0.12	3,125,850
Total other assets	524,771	1.06	261,775	0.46	23,759,696
Total assets	\$ 49,428,981	100.00	\$ 56,839,120	100.00	\$ 49,428,981
Liabilities and Shareholders' Equity					
Current liabilities					
Short-term debts	14,30	0.03	11,539,763	20.30	7,068,063
Financial liabilities at fair value through profit or loss-current	5,036	0.01	194,182	0.34	5,036
Derivative financial liabilities-current	18,325	0.04	299,136	0.53	18,325
Notes payable	2,201	-	18,702	0.03	2,201
Accounts payable	12,130,450	24.56	13,344,989	23.48	12,130,450
Income tax payable	671,489	1.36	916,161	1.61	671,489
Accrued expenses	3,569,925	7.22	4,160,504	7.32	3,569,925
Other payables-related parties	7,674	0.02	2,501	-	7,674
Other payables	680,122	1.38	834,797	1.47	680,122
Payable to equipment suppliers	119,993	0.24	160,048	0.28	119,993
Current portion of long-term loans	882	-	34,255	0.06	882
Other current liabilities	654,960	1.32	516,930	0.91	654,960
Product warranty liabilities	573,975	1.16	691,709	1.22	573,975
Leasehold payable-current	354	-	319	-	354
Total current liabilities	25,512,449	51.61	32,713,996	57.54	25,512,449
Long-term debts - interest bearing					
Long-term loans	14,142	0.03	486,273	0.86	14,142
Leasehold payable-non-current	1,137	-	1,434	-	1,137
Total long-term debts - interest bearing	15,279	0.03	487,707	0.86	15,279
Other liabilities					
Accrued pension liabilities	113,858	0.23	136,121	0.24	113,858
Deposits received	24,045	0.05	9,144	0.02	24,045
Deferred income tax liabilities-non-current	-	-	216,270	0.38	-
Other liabilities-others	3,654	0.01	3,515	0.01	3,654
Total other liabilities	141,557	0.29	365,050	0.65	141,557
Total liabilities	25,669,285	51.93	33,566,753	59.05	25,669,285
Stockholders' equity					
Common stock	7,240,385	14.65	7,240,385	12.74	7,240,385
Capital surplus	4,437,847	8.98	4,437,847	7.81	4,437,847
Common stock and bonds conversion premiums	104,980	0.21	104,980	0.19	104,980
Treasury stocks transactions	472,251	0.95	462,236	0.81	472,251
Change in equities of long-term investments	2,292,170	4.64	1,938,635	3.41	2,292,170
Retained earnings	4,922,411	9.96	6,273,440	11.04	4,922,411
Legal reserve	1,290,820	2.61	175,965	0.31	1,290,820
Special reserve	(1,339)	(0.01)	(4,549)	(0.01)	(1,339)
Unappropriated earnings	(49,168)	(0.10)	(136,166)	(0.24)	(49,168)
Other adjustment in shareholders' equity	(76,511)	(0.15)	-	-	(76,511)
Cumulative translation adjustment	20,633,846	41.75	20,516,136	36.10	20,633,846
Net loss not recognized as pension cost	3,125,850	6.32	2,756,231	4.85	3,125,850
Unrealized gain or loss on financial instruments	23,759,696	48.07	23,272,367	40.95	23,759,696
Total stockholders' equity of parent company	23,759,696	48.07	23,272,367	40.95	23,759,696
Minority interests	-	-	-	-	-
Total stockholders' equity	23,759,696	48.07	23,272,367	40.95	23,759,696
Total liabilities and shareholders' equity	\$ 49,428,981	100.00	\$ 56,839,120	100.00	\$ 49,428,981

English Translation of Consolidated Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
For the years ended December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per share)

	For the years ended December 31,			
	2011		2010	
	Amount	%	Amount	%
Operating revenues				
Sales revenues	\$ 79,455,189	103.10	\$ 95,882,997	103.96
Less: sales returns	1,834,222	2.38	3,004,773	3.26
sales allowances	558,173	0.72	641,379	0.70
Net operating revenues	77,062,794	100.00	92,236,845	100.00
Cost of goods sold	66,719,068	86.58	79,369,998	86.05
Gross profit	10,343,726	13.42	12,866,847	13.95
Operating expenses				
Selling	2,890,083	3.75	2,643,712	2.87
Administrative	2,777,610	3.61	2,983,214	3.23
Research and development	2,653,830	3.44	2,637,941	2.86
Subtotal	8,321,523	10.80	8,264,867	8.96
Operating income	2,022,203	2.62	4,601,980	4.99
Non-operating income				
Interest revenues	208,417	0.27	103,957	0.11
Investment gain accounted for under the equity method, net	3,757	0.01	-	-
Dividend income	77,996	0.10	-	-
Gain on disposal of investments	94,073	0.12	-	-
Exchange gain, net	10,792	0.01	380,883	0.41
Gain on valuation of financial assets and liabilities, net	487,154	0.63	423	-
Other income	243,850	0.32	152,640	0.17
Subtotal	1,126,039	1.46	637,903	0.69
Non-operating expenses				
Interest expense	191,855	0.25	148,741	0.16
Investment loss accounted for under the equity method, net	-	-	19,508	0.02
Loss on disposal of property, plant and equipment	27,906	0.04	43,338	0.05
Loss on disposal of investments	-	-	3,661	-
Impairment loss	349,157	0.44	28,708	0.03
Other losses	58,138	0.08	44,147	0.05
Subtotal	627,056	0.81	288,103	0.31
Income before income tax	2,521,186	3.27	4,951,780	5.37
Income tax expense	(602,490)	(0.78)	(1,074,859)	(1.17)
Net income	\$ 1,918,696	2.49	\$ 3,876,921	4.20
Income attributed to:				
Shareholders of the parent company	\$ 1,513,278	1.96	\$ 3,535,354	3.83
Minority interests	405,418	0.53	341,567	0.37
Net income	\$ 1,918,696	2.49	\$ 3,876,921	4.20
	Pre-tax	Post-tax	Pre-tax	Post-tax
Earnings per share-basic (NTD)				
Net income attributable to shareholders of the parent	\$ 2.88	\$ 2.09	\$ 6.14	\$ 4.88
Earnings per share-diluted (NTD)				
Net income attributable to shareholders of the parent	\$ 2.83	\$ 2.06	\$ 6.02	\$ 4.79

English Translation of Consolidated Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars)

Description	Retained earnings										Total shareholders' equity	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Commutative transition adjustments	Net loss not recognized as pension cost	Unrealized gain or loss on financial instruments	Treasury Stock	Equity attributable to shareholders of the parent		Minority interests
Balance as of January 1, 2010	\$ 7,240,385	\$ 4,864,372	\$ 1,670,003	\$ 329	\$ 5,056,160	\$ 828,108	\$ (3,277)	\$ (20,066)	\$ -	\$ 19,636,894	\$ 2,005,269	\$ 21,642,163
Appropriation and distribution of 2009 retained earnings (Note 1)	-	-	-	-	(267,732)	-	-	-	-	-	-	-
Legal reserve	-	-	267,732	-	(267,732)	-	-	-	-	-	-	-
Special reserve	-	-	-	21,034	(23,034)	-	-	-	-	(2,027,308)	-	(2,027,308)
Cash dividends	-	-	-	-	(2,027,308)	-	-	-	-	140,691	-	140,691
Adjustment of capital surplus accounted for under the equity method	-	140,691	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2010	-	-	-	-	3,535,354	-	-	-	-	3,535,354	750,962	3,535,354
Parent company's shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Changes in minority interests	-	-	-	-	-	-	-	-	-	-	750,962	750,962
Changes in cumulative transition adjustments	-	-	-	-	-	(652,143)	-	-	-	(652,143)	-	(652,143)
Net loss not recognized as pension cost	-	-	-	-	-	-	(1,272)	-	-	(1,272)	-	(1,272)
Changes in time-lized gain or loss of cash flow hedge	-	-	-	-	-	-	-	(116,080)	-	(116,080)	-	(116,080)
Balance as of December 31, 2010	7,240,385	5,005,063	1,938,635	329	6,273,440	173,965	(4,549)	(136,166)	-	20,516,136	2,756,231	23,272,367
Appropriation and distribution of 2010 retained earnings (Note 2)	-	-	-	-	(353,535)	-	-	-	-	-	-	-
Legal reserve	-	-	353,535	-	(353,535)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(21,363)	21,363	-	-	-	-	(2,534,135)	-	(2,534,135)
Cash dividends	-	-	-	-	(2,534,135)	-	-	-	-	10,015	-	10,015
Adjustment of capital surplus accounted for under the equity method	-	10,015	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2011	-	-	-	-	1,513,278	1,114,855	-	-	-	1,513,278	-	1,513,278
Parent company's shareholders	-	-	-	-	-	-	-	-	-	-	-	-
Changes in cumulative transition adjustments	-	-	-	-	-	1,114,855	-	-	-	1,114,855	-	1,114,855
Net loss not recognized as pension cost	-	-	-	-	-	-	3,210	-	-	3,210	-	3,210
Changes in time-lized gain or loss of available-for-sale financial assets	-	-	-	-	-	-	-	(51,710)	-	(51,710)	-	(51,710)
Changes in time-lized gain or loss of cash flow hedge	-	-	-	-	-	-	-	138,708	-	138,708	-	138,708
Treasury stock repurchased	-	-	-	-	-	-	-	-	(76,511)	(76,511)	-	(76,511)
Changes in minority interests	-	-	-	-	-	-	-	-	-	-	369,619	369,619
Balance as of December 31, 2011	\$ 7,240,385	\$ 5,015,078	\$ 2,292,170	\$ -	\$ 4,922,411	\$ 1,290,820	\$ (1,399)	\$ (49,168)	\$ (76,511)	\$ 20,633,846	\$ 3,125,850	\$ 23,759,696

Note 1: Employees' bonuses of NTS 361,437 thousand were deducted from consolidated statements of income as expenses.
Note 2: Employees' bonuses of NTS 480,950 thousand were deducted from consolidated statements of income as expenses.

English Translation of Consolidated Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2011 and 2010
(Expressed in Thousands of New Taiwan Dollars)

Description	For the years ended December 31,	
	2011	2010
Cash flows from operating activities:		
Consolidated net income	\$ 1,918,696	\$ 3,876,921
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation (including assets leased to others)	1,435,438	1,395,801
Amortization	141,927	84,747
Impairment loss	349,157	28,708
Bad debt expenses (reversal)	42,778	(168,981)
Inventory loss provision	262,528	394,987
Employees' bonuses	332,346	865,590
Transfer of properties to operating expenses	554	-
Net loss on disposal of property, plant and equipment	27,906	43,338
Gain on disposal of investments	(94,073)	-
Transfer of financial assets measured at cost-return of capital to other income	(14,477)	-
Loss on disposal of intangible assets (Under other losses)	-	49
Loss on proceeds from disposal of deferred charges (Under other losses)	-	2,692
Net (gain) loss on equity investments	(3,757)	19,508
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss – current	(9,503)	(10,883)
Notes receivable	(32,470)	(64,974)
Accounts receivable	(241,602)	5,384,739
Accounts receivable-related parties	(16,647)	(17,979)
Other receivables-related parties	1,062	(688)
Other receivables	(10,266)	21,488
Inventories	(1,160,148)	(924,066)
Prepayments	140,534	(147,305)
Other current assets	(44,380)	(38,378)
Deferred income tax assets	21,035	24,823
Financial liabilities at fair value through profit or loss – current	(189,146)	160,349
Notes payable	(16,501)	16,299
Accounts payable	(1,195,077)	(2,431,337)
Accounts payable-related parties	-	(258)
Income tax payable	(244,672)	287,255
Accrued expenses	(927,423)	(269,728)
Other payables-related parties	5,173	(981)
Other payables	(153,842)	(103,125)
Other current liabilities	141,109	(115,165)
Product warranty liabilities	(117,734)	21,268
Deferred income tax liabilities	(178,004)	(154,231)
Accrued pension liabilities	(15,669)	6,350
Net cash provided by operating activities	154,852	8,186,833
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss – noncurrent	(113,100)	-
Acquisition of available-for-sale financial assets-noncurrent	(114,196)	-
Financial assets measured at cost-return of capital	58,506	-
Proceeds from disposal of subsidiaries	174,734	-
Purchase of property, plant and equipment	(2,165,558)	(2,752,190)
Proceeds from disposal of property, plant and equipment	101,295	53,891
Increase in intangible assets	(47,007)	(83,850)
Proceeds from disposal of intangible assets	217	712
Increase in assets leased to others	(520)	-
Increase in refundable deposits	(29,668)	(5,258)
Increase in deferred expense	(72,233)	(2,489)
(Increase) decrease in restricted assets	(9,260)	19,812
Increase in other assets-others	(5,574)	(1,621)
Net cash used in investing activities	(2,222,364)	(2,770,993)
Cash flows from financing activities:		
(Decrease) increase in short-term debts	(4,471,700)	1,350,509
Decrease in long-term bank loans	(505,504)	(109,210)
Increase in long-term bank loans	-	199,624
Increase in deposits received	14,901	2,165
Cash Dividends	(2,534,135)	(2,027,308)
Increase (decrease) in other liabilities-others	139	(346)
(Decrease) increase in lease payable	(262)	1,753
Repurchase of treasury stock	(76,511)	-
Change in minority interests	(25,784)	550,086
Net cash used in financing activities	(7,598,856)	(32,727)
Effect of changes in consolidated entity	(244)	-
Effect of exchange rate	629,777	(399,696)
Net (decrease) increase in cash and cash equivalents	(9,036,835)	4,983,417
Cash and cash equivalents at beginning of the period	23,358,563	18,375,146
Cash and cash equivalents at end of the period	\$ 14,321,728	\$ 23,358,563
Supplemental disclosures of cash flow information:		
Interest paid during the year	\$ 176,106	\$ 145,940
Income tax paid during the year	\$ 489,207	\$ 739,956
Non-cash activities:		
Current portion of long-term loans	\$ 882	\$ 34,255
Current portion of leasehold payable	\$ 354	\$ 319
Purchase of properties:		
Proceeds from disposal of property, plant and equipment	\$ 2,126,689	\$ 2,836,789
Changes in payable to equipment suppliers	38,869	(84,599)
Cash paid	\$ 2,165,558	\$ 2,752,190

Comparison Table of Amendments to the Procedures of Acquisition or Disposal of Assets

Proposed Amendments	Current Provisions
1.Purpose : The procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies.	1.Purpose : The procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act (" <u>the Act</u> ")and Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
5.Reference : 5.1 Rules of authorization and deputy C02-2006) 5.2 Rules of Fixed Asset (C02-2005) 5.3 Rules of Long term Investment(C02-2307)	5. Reference : 5.1 Rules of authorization and deputy C02-2006) 5.2 Rules of Fixed Asset (C02-2005) 5.3 Rules of <u>Short</u> /Long term Investment (C02-230 <u>67</u>)
6.1 Procedures of Acquisition or Disposal of Securities 6.1.1 Appraisal procedures : 1) Skip 2)Price, reference and information : a.To acquire or dispose of securities, the Company or the Subsidiary shall, first obtain financial statements of the issuing company forthe most recent period, certified or reviewed by a certified public accountant, for reference inappraising the transaction price, and if the dollar amount of the transaction is 20 percent of company's paid-in capital or NT\$300 million or more. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise by regulations of Article 6.11.,2.,b. b~b.8 Skip b.9According to the regulation of Securities Investment Trust and Consulting Act Article 11 paragraph 1 and FSC processing the subscription before the date of establishment of the fund. b.10~c Skip d. To acquire or dispose of unlisted securities, the company shall evaluate the net worth of per share, profit ability, potential and market interest, yield rate and credit, and	6.1 Procedures of Acquisition or Disposal of Securities 6.1.1 Appraisal procedures : 1)Skip 2)Price, reference and information : a.To acquire or dispose of securities, the Company or the Subsidiary shall, <u>prior to the date of occurrence of the event</u> , first obtain financial statements of the issuing company forthe most recent period, certified or reviewed by a certified public accountant, for reference inappraising the transaction price, and if the dollar amount of the transaction is 20 percent of <u>the</u> company's paid-in capital or NT\$300 million or more, the Company shall, <u>prior to the date of occurrence of the event</u> , <u>also engage a certified public accountant to provide an opinion regarding the reasonableness of the transaction price. If a certified public accountant needs to use the report of an expert as evidence, the certified public accountant shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Developmen Foundation.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise by regulations of <u>the</u> Procedures Article 6.11.,2.,b. b~b.8 Skip b.9According to the regulation of Securities Investment Trust and Consulting Act Article 11 paragraph 1 and <u>the Financial Supervisory Commission, Executive Yuan</u> (as FSC) processing the subscription before the date of establishment of the fund. b.10~c Skip d. d. To acquire or dispose of unlisted securities, the company shall evaluate the net worth of per share, profit ability, potential and market interest, yield rate and credit, and decide the

Proposed Amendments	Current Provisions
decide the price according to Article 6.1.1 paragraph 2 and the market trading price.	price according to <u>the procedures</u> Article 6.1.1 paragraph 2 and the market trading price.
<p>6.1.2 The amount of investment :</p> <p>1) The book value of individual security investment is 30% net worth of financial report audit/review by CPAs.</p> <p>2) The book value of total securities investment is the net worth of financial report audit/review by CPAs.</p>	<p>6.1.2 The amount of investment :</p> <p>1) The book value transaction amount of individual security investment is 30% net worth of financial report audit/review by CPAs.</p> <p>2) The book value transaction amount of total securities investment is the net worth of financial report audit/review by CPAs.</p>
<p>6.2.2 The amount of investment :</p> <p>The book value of the company real property not for business use is 30% net worth of financial report audit/review by CPAs.</p>	<p>6.2.2 The amount of investment :</p> <p>The book value transaction amount of the company real property not for business use is 30% net worth of financial report audit/review by CPAs.</p>
<p>6.2.3 Experts report and opinion :</p> <p>The company acquiring or disposing assets shall, according to the kinds of transaction amount is above 20 percent of the company's paid-in capital or NT\$300 million or more, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>1)~2)Skip</p> <p>3)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p>	<p>6.2.3 Experts report and opinion :</p> <p>The company acquiring or disposing assets shall, according to the kinds of transaction amount is above 20 percent of the company's paid-in capital or NT\$300 million or more, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions <u>prior to the date of occurrence of the event</u> :</p> <p>1)~2)Skip</p> <p>3)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, <u>unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount,</u> a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>a. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.</p> <p>b. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.</p>

Proposed Amendments	Current Provisions
<p>4)No more than 3 months may elapse between the date of the appraisal report issued before the contract effective date and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>	<p>4)No more than 3 months may elapse between the date of the appraisal report issued before the contract effective date <u>by a professional appraiser</u> and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p>
<p>6.3 Procedures of Acquisition Real Properties form related party</p> <p>6.3.1 With respect to the acquisition or swap of real property from a related party , the related resolutions and the reasonableness of the preliminary transaction terms in accordance with Article 6.2.</p> <p>6.3.2 To acquire real property from a related party, the Company or the Subsidiary may not process until the following matters have been approved by Board of Directors:</p> <ol style="list-style-type: none"> 1)The purpose, necessity and anticipated benefit of the acquisition of assets. 2)The reason for choosing the related party as a trading counterparty. 3)Information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with 6.3.3 and 6.3.4. 4)The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5)Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6)Restrictive covenants and other important stipulations associated with the transaction. 	<p>6.3 Procedures of Acquisition <u>or Disposal of Real</u> Properties form related party</p> <p>6.3.1 With respect to the acquisition or swap disposal of real <u>all kinds</u> property from a related party , the related resolutions in accordance and the reasonableness of the preliminary transaction terms with Article 6.2 and 6.3 .<u>If the transaction amount reaches 10% or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion.</u></p> <p>6.3.2 To <u>acquire or dispose</u> real property from a related party, <u>or to acquire or dispose assets other than real property from a related party</u> and the transaction amount is <u>20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million or more,</u> the Company or the Subsidiary may not process <u>execute the transaction agreement(s) or settle payment</u> until the following matters have been approved by <u>the Audit Committee and</u> Board of Directors:</p> <ol style="list-style-type: none"> 1) The purpose, necessity and anticipated benefit of the acquisition <u>or disposal</u> of assets. 2) The reason for choosing the related party as a trading counterparty. 3) <u>With respect to the acquisition of real property from a related party,</u> information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with 6.3.3 and 6.3.4. 4) The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party. 5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization. 6) <u>An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.</u> 6) Restrictive covenants and other important stipulations associated with the transaction.

Proposed Amendments	Current Provisions
<p>New</p> <p>New</p> <p>Where an audit committee or independent director has been established the matters for acquire real property from related party in accordance with the provisions of the Act 6.12 and 6.13 requires.</p>	<p><u>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 6.7.1 paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the Audit committee need not be counted toward the transaction amount. With respect to the acquisition or disposal of business-use machinery and equipment between the company and its subsidiaries, the company's board of directors may pursuant to delegate the board chairman to decide when the transaction is within NTD 500 million and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</u></p> <p>Where an audit committee or independent director has been established the matters for acquire real property from related party in accordance with the provisions of the Act 6.12 and 6.13 requires.</p>
<p>6.3.5 Where a public company acquires real property from a related party and the results of appraisals conducted in accordance with Article 6.3.3 and 6.3.4 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Supervisors shall comply with Article 218 of the Company Act.</p> <p>Skip</p> <p>Where an audit committee has been established in accordance with the Securities and Exchange Act, the provisions set in Article 6.3.5, paragraph 1, subparagraph 2 shall apply mutatis mutandis to the audit committee.</p>	<p>6.3.5 Where a public company acquires real property from a related party and the results of appraisals conducted in accordance with Article 6.3.3 and 6.3.4 are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>1. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities and Exchange Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.</p> <p>2. Supervisors <u>The Audit Committee</u> shall comply with Article 218 of the Company Act.</p> <p>Skip</p> <p>Where an audit committee has been established in accordance with the Securities and Exchange Act, the provisions set in Article 6.3.5, paragraph 1, subparagraph 2 shall apply mutatis mutandis to the audit committee.</p>
<p>6.4 The Procedures of Acquisition or Disposal of Memberships or Intangible Assets</p> <p>6.4.1 Appraisal procedures :</p>	<p>6.4 The Procedures of Acquisition or Disposal of Memberships or Intangible Assets</p> <p>6.4.1 Appraisal procedures :</p>

Proposed Amendments	Current Provisions																								
<p>1) Skip</p> <p>2) Price, reference and information : The acquisition or disposal of memberships or intangible assets shall take market fair price and expert report, and the inquiring, competing and negotiating process.</p>	<p>1) Skip</p> <p>2) Price, reference and information : The acquisition or disposal of memberships or intangible assets shall take <u>related information and</u> market fair price and expert report, and the inquiring, competing and negotiating process.</p>																								
<p>6.2.2 The amount of investment : The book value of the company memberships or intangible assets is 30% net worth of financial report audit/review by CPAs.</p>	<p>6.2.2 The amount of investment : The book value transaction amount of the company memberships or intangible assets is 30% net worth of financial report audit/review by CPAs.</p>																								
<p>6.4.3 Expert Opinion : Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>6.4.3 Expert Opinion : Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20% or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant <u>prior to the date</u> of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>																								
<p>6.5.3 The Process Procedures : 1) Authorized amount, level and executive department : a. Hedging FX trading limit : The trader and limit of exercising FX :</p> <table border="1" data-bbox="167 1176 767 1361"> <thead> <tr> <th>Trader</th> <th>Daily Limit</th> <th>Cumulative Limit</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>USD 100</td> <td>USD 1,000 million</td> </tr> <tr> <td>CFO</td> <td>USD 40 million</td> <td>USD 400 million</td> </tr> <tr> <td>Authorized person of Finance Dept</td> <td>USD 20 million</td> <td>USD 150 million</td> </tr> </tbody> </table>	Trader	Daily Limit	Cumulative Limit	Chairman	USD 100	USD 1,000 million	CFO	USD 40 million	USD 400 million	Authorized person of Finance Dept	USD 20 million	USD 150 million	<p>6.5.3 The Process Procedures : 1) Authorized amount, level and executive department : a. Hedging FX trading limit : The trader <u>authorized level</u> and limit of exercising FX :</p> <table border="1" data-bbox="788 1176 1417 1413"> <thead> <tr> <th><u>Trader Authorized Level</u></th> <th>Daily Limit</th> <th>Cumulative Limit</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>USD 100 million</td> <td>USD 1,000 million</td> </tr> <tr> <td>CFO</td> <td>USD 40 million</td> <td>USD 400 million</td> </tr> <tr> <td>Authorized person of Finance Dept</td> <td>USD 20 million</td> <td>USD 150 million</td> </tr> </tbody> </table>	<u>Trader Authorized Level</u>	Daily Limit	Cumulative Limit	Chairman	USD 100 million	USD 1,000 million	CFO	USD 40 million	USD 400 million	Authorized person of Finance Dept	USD 20 million	USD 150 million
Trader	Daily Limit	Cumulative Limit																							
Chairman	USD 100	USD 1,000 million																							
CFO	USD 40 million	USD 400 million																							
Authorized person of Finance Dept	USD 20 million	USD 150 million																							
<u>Trader Authorized Level</u>	Daily Limit	Cumulative Limit																							
Chairman	USD 100 million	USD 1,000 million																							
CFO	USD 40 million	USD 400 million																							
Authorized person of Finance Dept	USD 20 million	USD 150 million																							
<p>6.5.5 The Duty of Management Team 1)~2)b Skip c. Where the independent director has been established, the independent director shall present board meeting and give one' opinion.</p>	<p>6.5.5 The Duty of Management Team 1)~2)b Skip c. Where a The independent director has been established, the independent director shall present board meeting and give one' opinion.</p>																								
<p>6.5.6 Internal audit system 1) Skip 2)The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors shall be notified in writing.</p>	<p>6.5.6 Internal audit system 1) Skip 2)The internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all supervisors <u>Audit Committee</u> shall be notified in writing.</p>																								

Proposed Amendments	Current Provisions
<p>6.6.8 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company shall prepare a full written record of the following information and retain it for 5 years for reference.</p>	<p>6.6.8 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company shall prepare a full written record of the following information and retain it for 5 years for reference. ;</p>
<p>6.6.9 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company shall within 2 days commencing immediately from passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in paragraph 1 and 2 of Article 6.6.8 to the FSC for recordation.</p>	<p>6.6.9 When participating in a merger, demerger, acquisition, or transfer of another company's shares, the company shall within 2 days commencing immediately from <u>the date of</u> passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in paragraph <u>subparagraphs</u> 1 and 2 of Article 6.6.8 to the FSC for recordation.</p>
<p>6.7 Public Disclosure of Information</p> <p>Under any of the following circumstances, The company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from occurrence of the event:</p> <p>1) Acquisition of real property from or to a related party.</p> <p>2) Investment in the mainland China area.</p> <p>3) Merger, demerger, acquisition, or transfer of shares.</p> <p>4) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>5) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a.Trading of government bonds.</p> <p>b.Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.</p> <p>c.Trading of bonds under repurchase/resale agreements.</p> <p>d.Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and</p>	<p>6.7 Public Disclosure of Information</p> <p>Under any of the following circumstances, The company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from <u>the date of</u> occurrence of the event:</p> <p>1) Acquisition <u>or disposal</u> of real property from or to a related party, <u>or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements.</u></p> <p>2) Investment in the mainland China area.</p> <p>3) Merger, demerger, acquisition, or transfer of shares.</p> <p>4) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>5) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a.Trading of government bonds.</p> <p>b.Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets.</p> <p>c.Trading of bonds under repurchase/resale agreements.</p> <p>d.Where the type of asset acquired or disposed is equipment/machinery for business use, the</p>

Proposed Amendments	Current Provisions
<p>the transaction amount is less than NT\$500 million.</p> <p>e. Where land is acquired under an arrangement on engaging others to build on the company's own land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p>	<p>trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>e. Where land is acquired under an arrangement on engaging others to build on the company's own land, <u>engaging others to build on rented land</u>, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p>
<p>6.7.5 Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with Article 6.7.1, 6.7.2 and 6.7.3, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from occurrence of the event:</p> <p>1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p>	<p>6.7.5 Where any of the following circumstances occurs with respect to a transaction that a public company has already publicly announced and reported in accordance with Article 6.7.1, 6.7.2 and 6.7.3, a public report of relevant information shall be made on the information reporting website designated by the FSC within <u>2</u> days commencing immediately from <u>the date of</u> occurrence of the event:</p> <p>1) Change, termination, or rescission of a contract signed in regard to the original transaction.</p> <p>2) The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.</p> <p>3) <u>Change to the originally publicly announced and reported information.</u></p>
<p>6.8.2 The subsidiaries' information required to be publicly announced and reported in accordance with Article 6.7 on acquisitions and disposals of assets shall be posted by the company.</p> <p>The paid-in capital of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 6.7.1, paragraph 1 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20% of paid-in capital.</p>	<p>6.8.2 The subsidiaries' information required to be publicly announced and reported in accordance with Article 6.7 on acquisitions and disposals of assets shall be posted by the company.</p> <p>The paid-in capital <u>or total assets</u> of the company shall be the standard for determining whether or not a subsidiary referred to in the preceding paragraph is subject to Article 6.7.1, paragraph 1 subparagraph 5 requiring a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20% of paid-in capital <u>or 10% of the total assets.</u></p>
<p>New</p>	<p>6.11 <u>The calculation of the transaction amounts referred to Articles 6.1, 6.2 and 6.4 shall be done in accordance with Article 6.7.1, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.</u></p>
<p>6.11 The procedures for the acquisition or disposal of assets shall be approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders meeting for approval; the same applies when the procedures are amended. If any director</p>	<p>6.113 The procedures for the acquisition or disposal of assets shall be approved by <u>Audit Committee</u> and the board of directors, they shall be submitted to each supervisor, and then to a shareholders meeting for approval; the same applies when the procedures are amended. If</p>

Proposed Amendments	Current Provisions
<p>expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p>	<p>any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p>
<p>6.12 When an independent director has been created in accordance with the provisions of Article 6.11, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>	<p>6.12 When an independent director has been created in accordance with the provisions of Article 6.11, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p>
<p>6.13 When an audit committee has been established in accordance with the provisions of the Securities and Exchange Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>The previous 2 paragraph if is not obtained the approval of more than half of all audit committee members, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>	<p>6.13 When an a Audit committee has been established in accordance with the provisions of the Securities and Exchange Act, when the procedures for the acquisition and disposal of assets, <u>any transaction involving major assets or derivatives and the related party transaction in Article 6.3.2</u> are adopted or amended they shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets or derivatives shall be approved by more than half of all audit committee members and submitted to the board of directors for a resolution.</p> <p>The previous 2 paragraph if is not obtained the approval of more than half of all audit committee members, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</p>
<p>6.14 Where an audit committee has been established in accordance with the provisions of the Act, the matters for the procedures 6.3.2, 6.5.6 and 6.11 requires recognition by the supervisors shall be approved by all audit committee members.</p>	<p>6.14 Where an audit committee has been established in accordance with the provisions of the Act, the matters for the procedures 6.3.2, 6.5.6 and 6.11 requires recognition by the supervisors shall be approved by all audit committee members.</p>

Coretronic Corporation

Articles of Incorporation (Before Amendment)

CHAPTER 1 : General Provisions

Article 1: The Company is incorporated under those provisions of the Company Law relating to companies limited by shares, and is named as "Coretronic Corporation".

Article 2: The business engaged in by the Company shall be as follows :

A. CC01050 Data Storage and Processing Equipment Manufacturing

B. CC01080 Electronic Parts and Components Manufacturing

C. CE01030 Photographic and Optical Equipment Manufacturing

Research, develop, produce, manufacture and sale the following optical products :

a. Various LCDs, projections and the backlight modules

b. Multimedia presentation system equipments and software

c. Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors

D. All kinds of consigned design and develop and consulting services regarding above products

E. Import and export trading business related to the above businesses (except the businesses requiring permit)

F. Design, manufacturing and sales of Acrylics and relating consigned design, develop, consulting and import and export trading business of the products ((can only be conducted outside Hsinchu Science Park)

Article 3: Upon consent of the board of directors, the Company may provide guarantees for third parties in accordance with its Operational Measures Governing Guarantees and Endorsements which shall be separately enacted.

Article 4: When the Company invests in another company due to the need of operation, the total investments could exceed a specified percentage of the total paid-in capital, and the Company authorizes the board of directors to execute.

Article 5: The Company's principal executive offices shall be located in the Science-Based Industrial Park in Hsinchu, Taiwan, R.O.C. The Company may, upon approval of the board of directors and competent authority, establish branch offices in Taiwan or abroad. After the public offerings, the Company shall not go private without the resolution of the shareholder meeting. The article shall not be changed in the period of the Company lists in OTC or Taiwan Stock Market.

Article 6: The Company's processing rules of announcement affairs shall fully comply with pertinent laws and regulations promulgated by the authorities concerned.

CHAPTER 2 : Shares

Article 7: The total authorized capital of the Company shall be NT\$10 billion, divided into 1

billion(includes 70 million shares for the use of stock option certificates, preferred stock with warrants or corporate bonds with warrants) shares with a par value of NT\$10 each. Subject to practical need, the board of the directors is authorized to issue such shares by installments.

Article 8: The share certificate of the Company may adopt the issuance of non-physical, while shall be issued in registered form, as well as with other securities of the Company.

Article 9: The Company shall handle share matters in accordance with the Guidelines Governing Stock Matters of Public Offering Companies.

Article 10: No transfer of shares shall be handled within sixty days prior to a shareholder regular meeting, or within thirty days prior to a shareholder extraordinary meeting, or within five days prior to allocation of dividend bonus or any other benefits.

The period mentioned in the previous clause is calculated from the meeting date of the base date.

CHAPTER 3 : Shareholder Meeting

Article 11: Shareholder meetings shall be convened as follows:

- (1) General shareholder meetings shall be convened by the board of directors within six (6) months following the end of each fiscal year.
- (2) Special shareholder meetings may be convened according to the laws whenever it is necessary.

Directors may not convene the shareholder meeting, the shareholders who own shares exceeds three percent (3%) of the total issued shares may convene the shareholder meeting by themselves with the permission of the authority.

Article 12: The chairman of the board shall preside at shareholder meetings if the shareholder meeting is convened by the board of directors. When the chairman of the board is unable to preside at a meeting, the directors present shall elect one from among themselves as proxy.

If the shareholder meeting is convened by others with legitimate right, the one who convenes it shall preside at the meeting. When more than one conveners are present, they shall elect one from among themselves to preside.

Article 13: Notice shall be provided to each shareholder at least thirty (30) days prior to a general shareholder meeting. Notice shall be provided to each shareholder at least ten (10) days prior to an extraordinary shareholder meeting. The notice shall state the date and venue of the meeting and the purpose or purposes for which the meeting is called.

Article 14: Unless the issuance terms of preferred stocks and specified in Article 179 of The Company Act whereas no voting right is entitled, a shareholder of the Company shall be entitled to one vote for each share held.

Article 15: Except as otherwise provided by the laws and regulations, a resolution may be adopted by the shareholders or proxy of a simple majority of the votes of the issued and outstanding capital stocks represented at a shareholder meeting at which the

shareholders of a majority of issued and outstanding capital are present or by proxy.

Article 16: When a shareholder of the Company is unable to attend a shareholder meeting for any reason, the shareholder may by way of power of attorney stamped with the seal registered with the Company appoint proxies to attend the shareholder meeting. Unless otherwise stipulated by the Company Act, attendance of shareholder's proxies shall be in accordance with the provisions of "Regulation Governing the Use of Proxies For Attendance of Shareholder Meeting of Public Companies".

Article 17: The resolution adopted at the shareholder meeting shall be recorded in the minutes of the meetings and be signed or sealed by the chairman. The minutes shall be issued to all shareholders within 20 days after the shareholder meeting.

The Company may provide the minutes in the foregoing paragraph to shareholders holding less than 1,000 shares of registered stock via an announcement.

CHAPTER 4 : Directors, Supervisors and Managers

Article 18: The Company will have a board of directors consisting of seven to nine directors, who will be elected by the shareholder meeting from persons with disposing capacity. Each director will serve an office term of three years and may be re-elected. The board of directors is authorized to approve the number of directors. Compensation for the directors shall be determined by the board of directors in accordance with the domestic and international business standards. The Company shall establish at least three (3) independent directors to be included in the number of directors. Election of independent directors shall adopt the candidate nomination measure. Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, determination of independency, method of nomination and election and other matters for compliance with respect to independent directors shall be subject to the rules prescribed by the securities governing authorities.

Article 18-1: The Company's audit committee is formed by all independent directors and one of whom shall serve as the convener. Effective from the establish date of the audit committee, the Audit Committee or the members of Audit Committee shall be responsible for those responsibilities of Supervisors specified under the relevant regulations.

Article 19: The directors' meeting shall be convened by the chairman of the board. The initial directors' meeting of each term shall be convened by the director who receives the number of ballots representing the largest number of votes. If a director is unable to attend a directors' meeting, the director may appoint another director to attend the meeting as proxy; provided, however, that the proxy shall accept the appointment of one director only. A director who lives abroad may appoint in written form another shareholder domiciled within the territory of R.O.C. to attend regularly by proxy any directors' meeting. Such appointment of proxy shall be registered with the competent authority.

The reasons for calling a board of directors meeting and audit committee meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice.

The aforesaid meeting notice may be prepared in either written, fax or electronic format.

Article 20: The chairman of the board shall preside at directors' meeting. When the chairman is on leave or unable to exercise his/her official functions for whatever the reason, the acting chairman shall be designated in accordance with the relevant regulations.

Article 21: Except as otherwise provided in the relevant laws or this Articles of Incorporation, any resolution of a board of directors' meeting shall be adopted at a meeting which at least general majority of the directors attend and at which meeting more than 50% of the directors present vote in favor of such resolution.

Minutes of meetings shall be prepared for all resolutions adopted at a board of directors' meeting.

If the directors' meeting is conducted in a manner of digital videoconference, the Directors who participate in such conference via digital video shall be deemed be present in person.

Article 21: The Company may has general managers, all of whom shall be duly appointed, discharged and paid by the board of directors through a majority vote in the meeting which is attended by a majority of the total number of of directors.

Subject to the authority prescribed by the board of directors, the officers shall be empowered or not to manage the operation of the company and to sign relevant business documents for the company.

CHAPTER 5 : Accounting

Article 23: The fiscal year of this Company shall commence on the first day of January each year and shall end on the thirty-first day of December. A year-end accounting statement shall be prepared at the end of each fiscal year.

Article 24: Upon the close of each fiscal year, the board of directors shall work out the following documents to be audited by supervisors within thirty days prior to the regular meeting of shareholders before being acknowledged by the shareholder meeting:

- (1) Business report
- (2) Financial statements
- (3) Proposals of profit allocation or loss coverage

Article 25: In the case that the annual final audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from the previous year; 10% of the surplus shall then be appropriated for the legal reserve, except when the accumulated amount of such legal reserve equals to the Company's total authorized capital, and to reserve certain surplus in accordance with applicable laws. The Company may also set aside special reserve(s) according to the bussiness need, The balance, including the retained profits from the previous years, shall be distributed in accordance with the following:

- (1) Employee bonuses between fifteen percent (15%) to twenty percent (20%)
- (2) The remainder shall be shareholders' dividends after deducting partial of all of the remainder as general reserve.

The Company's dividends policy is ordered by the Company Law and the Articles of Incorporation and decided according to the Company's capital and financial structure, operation situation, profits and the characters of the industry and

business cycle. Distributions shall be made in cash dividends or in stock dividends. However, due to the Company is in expansion in its industry, the Company shall, in consideration of the financial, business and administrative needs, distribute more than ten percent (10%) of the total dividends if the Company decides to distribute cash dividends.

When the Company has no profits to distribute to the shareholders, the Company may, in consideration of the financial, business and administrative needs, to distribute all or partial reserve according to the relevant laws or regulations of authorities.

The board of directors of the Company may resolve to purchase liability insurance for the directors.

Article 26: The bonus mentioned in Article 25 may be distributed to the employees of the Company and the controlled companies according to the Rules of Employees Bonus Stocks.

Employees referred to the preceding paragraph are defined as the employment relationship in the Civic Law; the controlled companies are defined as companies in the Company Law.

If the Company issue employee stock option certificates or buy back shares to transfer to employees, and the subscription price or transferred price is lower than the limited price of the relevant laws, it shall be proposed to the shareholder meeting according to the relevant laws.

Article 27: Dividends and bonuses shall be distributed to those shareholders whose names are listed on the registrar of shareholders as of the record date set for purposes of the distribution.

CHAPTER 6 : Supplementary Provisions

Article 28: Any rules or measures related to the Articles of Incorporation shall be stipulated separately by the board of directors.

Article 29: Matters not prescribed under the Articles of Incorporation shall be in accordance with the Company Law.

Article 30: This Articles of Incorporation adopted on June 18, 1992; 1st amended on September 6, 1993; 2nd amended on April 7th , 1994; 3rd amended on September 25th, 1995; 4th amended on November 8, 1996; 5th amended on September 26, 1997; 6th amended on June 12, 1998; 7th amended on April 20, 1999; 8th amended on April 25, 2010; 9th amended on June 18 , 2001; 10th amended on May 29, 2002; 11th amended on May 29, 2002; 12th amended on May 25, 2004; 13th amended on May 26, 2005; 14th amended on June 2, 2006; 15th amended on June 16, 2007; 16th amended on June 13, 2008; 17th amended on June 15, 2010; These Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.

Coretronic Corporation

Chairman : Wade Chang

Appendix 2

Coretronic Corporation Rules Governing the Conduct of Shareholders Meetings

1. Purpose: The Rules are for the procedures of the shareholders meeting.
2. Scope: The shareholders meeting of the Company shall be proceeded with in accordance with these Rules, unless Company Laws, Rules Governing the Conduct of Shareholders Meetings by Public Companies and the Articles of Incorporation of the Company provides otherwise.
3. Definition: None.
4. Authorities:
 - 4.1 Shareholders meeting shall be called by the board of directors, the proceedings of the meeting shall be formulated by the board of directors, and the meeting shall be proceeded with in accordance with the said proceedings. The proceedings shall not be changed without a resolution made by the shareholders meeting.
 - 4.2 If a shareholders meeting shall be called by any other person than the board of directors, the preceding provisions shall apply mutatis mutandis to the said meeting.
 - 4.3 The chairman shall not adjourn a meeting without resolution adopted by shareholders if the motions (including extraordinary motions) covered in the proceedings so arranged in the above Rule 4.1 and Rule 4.2 shall not have been resolved.
 - 4.4 If the chairman has violated the rules of procedure to declare the meeting is ended, one person may be elected the chairman with the consent of one half of the votes represented by shareholders present to resume the Meeting.
 - 4.5 After the meeting is declared ended, shareholders may not elect a chairman to resume the meeting at the original location or other premises.
 - 4.6 Shareholders meeting shall be convened by the board of directors and the chairman of the board of directors shall be the chairman presiding at the Meeting. If the Chairman of BOD cannot preside at the Meeting for any reason, the agent shall be preceded in accordance with Company Law.
 - 4.7 If a shareholders meeting is called by someone other than the board of directors who has the right to call the meeting, the said person shall chair the meeting. If more than one person has the right to call the meeting, one shall be elected to chair the meeting.
5. Reference: Rules Governing the Conduct of Shareholders Meetings by Public Companies
6. Procedures:
 - 6.1 Shareholders (or agent) attending the shareholders meeting shall sign-in. The sign-in procedure is performed by submitting the attendance card. The attendance card shall be worn to attend the shareholders meeting. The number of shares represented by attending shareholders shall be calculated in accordance with the attendance card submitted by shareholders.
 - 6.2 When it is time to convene a shareholders meeting, the chairman shall immediately convene the meeting, provided, however, that if the shareholders present do not represent a majority of the total amount of issued shares, the chairman may postpone the meeting, provided, however, that the postponement of the said meeting shall be limited to two times, and the total time postponed shall not exceed one hour. If the meeting has been postponed for two times, but the shareholders present still do not represent a majority of the total amount of issued shares, a tentative resolution may be adopted in accordance with the Company Law

by shareholders representing one-third of the total amount of issued shares.

Before the close of the said meeting if the shareholders present represent a majority of the total amount of issued shares, the chairman may present the tentative resolution so adopted to the meeting for resolution in accordance with the Company Law.

- 6.3 During the proceedings of a meeting, the chairman may consider the schedule and announce for a break. If the meeting is not ended, the shareholders may resolve to postpone or resume the meeting within five days without further notice or public announcement.
- 6.4 A shareholder wishing to speak in a shareholders meeting shall first fill out a slip, specifying therein the number of attendance, his name and major points of his speech, and the chairman shall determine his order of giving a speech.
- 6.5 An attending shareholder or proxy may question about report items on the agenda only after the chairman or person designated by the chairman has read or reported all report items. The proposals shall be discussed in accordance with the scheduled procedures. In the event that a shareholder violates the procedures, the chairman may prevent him from doing so.
- 6.6 An attending shareholder's explanation of proposal shall be limited to 5 minutes. The statement of discussion, inquiry and reply shall be limited to 3 minutes per person. The time may be extended for 3 minutes with the chairman's permission. After a shareholder present at the meeting speaks, the chairman may reply in person or assign concerned personnel to reply.
- 6.7 When an institutional person attends the shareholders meeting as a proxy, the institutional person may assign only one representative to attend the meeting. When an institutional shareholder assigns two or more representatives to attend the shareholders meeting, only one of them may speak for any single proposal.
- 6.8 Each shareholder may make statement on the same issue not more than twice unless the chairman consents otherwise. The chairman may restrain stockholders from speaking if that stockholders speak overtime, speak beyond the allowed frequency or content of the speech is beyond the scope of the proposal.
- 6.9 Over the proposal discussion, the chairman may conclude the discussion in a timely manner and where necessary announce discussion is closed.
- 6.10 For proposal in which discussion has been concluded or closed, the chairman shall submit it for voting. In voting, a proposal is considered approved if the chairman receives no dissenting opinions after requesting, which has the same effect as does voting by ballot.
- 6.11 Unless otherwise provided by The Company Law, a proposal shall be approved by the consent of more than half of the votes of shares represented by shareholders present. Each shareholder is entitled to one vote for each share held. The above provision shall not apply to those persons whose voting rights are restricted by the terms of preferred stocks.
- 6.12 The chairman shall appoint monitors and ballot counters for voting on proposals. For qualifications, monitors must be shareholders. The results of each vote shall be announced

on the spot and made into the minutes.

- 6.13 If there shall be an amendment or alternative to one proposal, the chairman may combine the amendment or alternative into the original proposal, and determine their orders for resolution. If any one of the above shall be resolved, the others shall be considered as rejected, upon which no further resolution shall be required.
- 6.14 Shareholders attend shareholders meeting by proxy and process the soliciting of proxy letters and agent not belonging to the soliciting shall be proceeded in accordance with the relevant regulations of the Company Law and Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies.
- 6.15 In case of incident of force majeure, the chairman may decide to temporarily suspend the meeting and decide, depending on the situation, how the meeting will resume.
- 6.16 The chairman may instruct the inspectors (or security personnel) to assist in maintaining order in the meeting venue. While assisting in maintaining order at the venue, the inspectors (or security personnel) shall wear arm-bands reading "Inspector."
- 6.17 These Rules shall come into force given the approval of the shareholders meeting, and so shall be the amendment.

Coretronic Corporation**The Procedures for the Election of Directors**

1. Purpose : This Procedures is enacted for the purpose of election of directors.
2. Scope : The election procedure for the Company's directors shall be proceeded in accordance with the Company Act and relevant laws and regulations and the provisions under the Articles of Incorporation. The Procedures which are not provided herein shall be proceeded accordance with the procedures.
3. Definition : None.
4. Authority : NA.
5. Reference : "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" the Articles of Incorporation of the Company.
6. Procedures :
 - 6.1 The election of the directors shall be held in the shareholders meeting.
 - 6.2 All persons with capacity may be elected as directors of the Company.
 - 6.3 The directors in such number as designated by the Articles of Incorporation.
 - 6.4 The election of the directors and supervisors adopts cumulative vote system, the number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or may be split for election of two or more candidates.
 - 6.5 The directors in such number as designated by the Articles of Incorporation, the election of independent directors and non-independent directors shall take place together, and the number of votes of each shall be calculated separately; persons obtaining the most number of votes shall be elected and served as independent directors and non-independent directors accordingly. In the event two or more persons obtain the same number of votes and the number of such persons together with all other persons ranking prior to them exceeds the number as designated by the Articles of Incorporation and the Board's resolution, lots shall be drawn to decide which of such persons obtaining the same number of votes shall be elected; if any of such persons is not present, the chairman shall draw the lots on half of him/her.
 - 6.6 At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from among the shareholders present.
 - 6.7 The ballot box used for voting shall be prepared by this Company and checked in public by the person to check the ballots before voting. The Board shall prepare for ballots, clearly

listing attendance card numbers and number of the weighted votes, and distribute to the shareholders who attend the shareholders meeting. The registration of ballots may be replaced by the attendance card number printed on the ballots.

- 6.8 Name and shareholder's number of the candidate shall be written on the ballot by calligraphy, pen or ballpoint pen. If the candidate is the government or legal person, rules are the following:
- 6.8.1 Provided that, the government is the candidate, such names of the government shall be written.
 - 6.8.2 Provided that, the legal person is the candidate, such names of the legal person shall be written.
 - 6.8.3 In the event the representative of the legal person is the candidate, the name of legal person and its representatives shall be written.
 - 6.8.4 The government and legal person or their representatives shall be with capacity.
 - 6.8.5 In the event the representatives are two or more, , the names of the representatives shall be additionally written separately
- In addition, the votes of the candidates shall be written.
- 6.9 Ballots shall be deemed void under the following conditions:
- 6.9.1 Ballots not placed in the ballot box.
 - 6.9.2 Ballots not prepared by this Company, any of the voter's number and the voting shares.
 - 6.9.3 Blank ballots not completed by the voter.
 - 6.9.4 The name or shareholder's number of the candidate filled in the ballot inconsistent with the shareholders' register.
 - 6.9.5 Ballots with other written characters or symbols in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate.
 - 6.9.6 Illegible writing.
 - 6.9.7 The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.
 - 6.9.8 If the candidate is a non-shareholder, the ballot is only filled in with the name and without the ID number or GPN.
 - 6.9.9 Where the name of the candidate entered is found the same as another shareholder's name and there is no shareholder number provided.
- 6.10 The ballots should be calculated during the meeting right after the vote casting supervised by the check person and the results of the election should be announced by the Chairman at the meeting.
- 6.11 This Company shall issue notifications to the directors elected.
- 6.12 The election procedure for the Company's independent directors shall be proceeded in accordance with "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies"
- 6.13 Any matters insufficiently provided herein shall be governed by the provisions concerned as set forth in the Company Law and other related regulations.
- 6.14 These Rules and any revision thereof shall become effective after approval at the shareholders meeting.

Information on Director Remuneration and Employee Bonus

The Board adopted a proposal for 2011 bonus to Directors and employees' cash profit sharing at its Meeting on April 26, 2012. It is proposed to distribute NT\$0 for directors' remunerations, NT\$0 for employee stock bonus shares, and NT\$204,434,406 for employee cash bonus. The original expense estimate is NT\$191,372,595, while the proposed amount effected upon the approval of shareholders, the difference NT\$13,061,811 will be expensed under the Company's 2012 income statements.

Appnedix 5

Impact by Distributing Stock Dividends on Operation Results and Earnings Per Share

It is not applicable for the company will only distribute cash dividends to shareholders.

Appnedix 6

Shareholding of All Directors

- Total shares issued as of April 14, 2012 are 724,038,518.
- As of April 14, 2012, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Wade Chang	5,230,773	0.72%
Director	Frank Juang	4,476,212	0.62%
Director	Robert Hung	25,000	0.00%
Director	Hsun Chieh Investment Co.	25,104,252	3.47%
Independent Director	Ted Tu	0	0.00%
Number of shares held by all directors		34,836,237	4.81%

Note : Dr.Han-Ping Shieh and Yen-Chun Wang individually resigned the independent director on June 15, 2011 and April 10, 2012.

- According to legal rules the minimum number of shares that may be held by all directors is 28,961,541 shares.