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Coretronic Corporation

**Handbook for the 2014
Annual General Shareholders' Meeting**

Meeting Time: June 17, 2014

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

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Coretronic Corporation
2014 Annual General Shareholders' 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
2014 Annual General Shareholders' Meeting Agenda

Time : 9:00 a.m., June 17 (Tuesday), 2014

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. 2013 Annual Business Report.
2. Audit Committee's Report.
3. The execution of issuance of new shares and/or issuance of overseas depositary receipts.

IV. Ratification Items

1. Ratification of 2013 Annual Business Report and financial statements.
2. Ratification of the proposal for the distribution of 2013 earnings.

V. Discussion Items

1. Proposal of conducting the Company's capital reduction.
2. Proposal of Amending the Company's Articles of Incorporation.
3. Proposal of Amending the Company's Rules and Procedures of Shareholders Meeting.
4. Proposal of Amending the Company's Procedures of Acquisition or Disposal of Assets.

VI. Motions

VII. Meeting Adjourned

Report Items

1. 2013 Annual Business Report

Description: 2013 Annual Business Report is attached as Attachment 1.

2. Audit Committee's Report

Description: The Audit Committee's Report on 2013 Financial Statements is attached as Attachment 2.

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

Description: (1) In order to support the Company's fund needs for future operation, it was approved by 2013 annual general shareholders' meeting to issue new common shares for cash capital increase or overseas depositary receipts through cash capital increase, to the extent of NT\$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 depositary receipts cease to be effective.

Ratification Items

1. Ratification of 2013 Business Report and Financial Statements. (Proposed by the Board of Directors)

Description:

- (1) The 2013 balance sheet, comprehensive 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 2013 Business Report and financial statements.
- (3) Please resolve.

Resolution:

2. Ratification of the Proposal for the Distribution of 2013 Earnings. (Proposed by the Board of Directors)

Description:

- (1) The 2013 financial statements audited by Ernst & Young and had issued its review report accordingly. The earnings distribution table is made in accordance with the Articles of Incorporation / Company Act and attached as below. The company will distribute cash dividend of NTD 0 this year.
- (2) Please resolve.

Resolution:

Coretronic Corporation
2013's Earnings Distribution Table

Unit : NTD

Item	Amount	
	Subtotal Total	Total
Beginning of Unappropriated Earnings		3,689,731,060
Plus: The Impact of Adopting IFRSs For the First Time	252,767,894	
Minus: Defined Benefit Plans Actuarial losses	15,549,342	
Adjusted of Unappropriated Earnings		3,926,949,612
2013's Unappropriated Earnings	1,938,963,228	
Minus: Appropriated For Legal Reserve	193,896,323	
2013's Earnings Available For Distribution		1,745,066,905
Earnings Available For Distribution (Cumulative)		5,672,016,517
Cash Dividends To Shareholders (NTD0/per share)		0
End of Unappropriated Earnings		5,672,016,517
Note : It is proposed to distribute NT\$0 for employee cash bonus, NT\$0 for directors' remunerations.		

Chairman: Wade Chang President : Sarah Lin, SY Chen Accounting Officer: Franck Ho

Discussion Items

1. 1.Proposal of conducting the Company's capital reduction. (Proposed by the Board of Directors)

- (1) In order to raise the interests of shareholders, it is proposed that the Company conduct a capital reduction and cash repayment. The amount of the capital reduction shall be NT\$1,810,096,300. Following the capital reduction, paid-in capital shall be NT\$5,430,288,880 and no shares shall be issued in physical form.
- (2) The amount of the capital reduction shall be NT\$1,810,096,300, which is calculated based on the numbers of outstanding shares on February 26, 2014. The capital reduction percentage is 25%.
- (3) The common shares, calculated on the basis of the number of shares held by each shareholder, according to each shareholder's ownership as registered in the book on the record date of the capital reduction, shall be replaced for new shares. Each 1,000 shares shall be exchanged for 750 shares, which will achieve a reduction of 181,009,630 common shares. For each fractional common share resulting from the capital reduction, the shareholders' other fractional shares; otherwise the Company will pay the shareholder cash based on the face value before the record date of the conversion, rounded down to whole

NT dollar. The Chairman is hereby authorized to designate persons to purchase all of the fractional shares at the face value.

(4) The Chairman/Board shall be authorized to determine the record date of the capital reduction and other relevant matters after this capital reduction proposal has been approved at the annual general meeting and has received the competent authority's approval.

(5) The rights and obligations of the replaced new shares are same with the original shares.

(6) It is proposed that the Chairman is granted full power to handle the situation if the competent authority changes the minimum capital requirement or if a response must be made to other changes in objective environment prior to the record date of cash capital reduction.

(7) Please resolve.

Resolution:

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

(1) To accommodate the Company's future business needs and comply with the regulations of Electronic shareholders' voting, it is proposed to make certain amendments to the Articles of Incorporation of the Company.

(2) The comparison table of amendments to the Company's Articles is attached as Attachment 4.

(3) Please resolve.

Resolution:

3. Proposal of Amending the Company's Rules and Procedures of Shareholders Meeting. (Proposed by the Board of Directors)

(1) To comply with the regulations of e-voting, it is proposed to make certain amendments to the Company's Rules and Procedures of Shareholders Meeting.

(2) Please see below for a comparison table of the original provisions and amendments.

Current Provisions	Proposed Amendments	Note
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. 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 <u>and those submitted by e-voting shares.</u>	To comply with the application of e-voting

Current Provisions	Proposed Amendments	Note
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.	6.11 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 <u>except the shares provided by laws.</u>	To comply with the applicable laws

(3) Please resolve.

Resolution:

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

- (1) To comply with the order of the Financial Supervisory Commission, the adoption of International Financial Reporting Standards ("IFRSs") and to accommodate the Company's actual business needs, it is proposed to amend the Procedures of Acquisition or Disposal of Assets.
- (2) The comparison table of amendments to the Procedures of Acquisition or Disposal of Assets is attached as Attachment 5.
- (3) Please resolve.

Resolution:

Motions

Meeting Adjourned

Attachment 1

Coretronic Corporation 2013 Annual Business Report

For the fiscal year of 2013, Coretronic reported consolidated sales revenue of NT\$72,749 million and operating income of NT\$2,599 million with a net income of NT\$2,016 million. Net income attributable to equity holders of the parent company was NT\$1,939 million with the basic EPS* of NT\$2.68 per common share.

Sales breakdowns by product lines in 2013 as below: (Consolidated)

Product	2013	2012	Diff.
LCD Backlight (pc)	77,696,844	68,525,320	13%
Projector (unit)	1,008,863	1,076,658	(6%)

In the year of 2013, we continue to integrate the variety of BLU technologies, such as injection, screen/inkjet printing, and laser direct writing, to meet the market trend of supper thin, touch, 3D and big screen TV display. By using the 3D micro structure LGP with photo mask-less process technique we developed, a supper thin Hinge-up module had been mass produced for the first tier NB companies, and with the honor of granting the “2013 Innovated Product Award” from MOEA. Furthermore, taking advantage of the unique Ink-Jet LGP printing process and Display Head technique, we realized the 1~2mm thickness side-emitted LGP for 40~50” TV BLU module which will be one of the thinnest possible solution. Finally, at the high-end 4K2K TV product segment, both 80” single side emitted LGP and 12mm direct emitted BLU had been successful developed. At the same time, to fulfill the economic TV market, an innovative LGP-less side emitted BLU model has also been developed. Generally speaking, our BLU development strategy covers all of the size segments and all display applications.

Due to the availability of smart phone and tablet PC, Coretronic continues to develop a new series of micro projection by LED light source with features such as portability, easy setup, auto detecting to smart phone, tablet PC, and other portable electronic products. This helps Coretronic expand its product lines in display sharing, mobile projection, and application of micro projection display. Via the dual-lamp high efficiency optical engine platform, Coretronic has also united latest laser light source and thermal management to increase market share and gain high profit in professional market of high brightness. In addition, catering to the site characteristics and curve surface projection of professional applications, Coretronic has developed a system thermal design with effective cooling at all installation angles and image blending technology to ensure projector reliability and provide unconstrained setup environments for end users. As educational application is the main projector market, Coretronic regards enhanced functionality and simple installation, combined laser touched module as direction of project development. Continually launch new generation of interactive short focal length projector to conform requirement from educational market.

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 emerging techniques of solid-state light, ultra short throw projection, interactive touch, and multi-projector with auto blending display to strengthen core technology capabilities and enrich production application fields. (5) By platform integration, system modularization and flexibility design, Coretronic optimizes supply chain efficiency and enhances product competitiveness. (6) Based upon market trend, increasing software functions of multimedia and internet of the thing (IOT) and linking with core technology capabilities of software developing and system integration to create most friendly user interface for new interactive experience, and to provide total projection solutions for various application fields (education, corporate, home, digital signage...etc.) (7) Using information technology to manage the potency, integrate group resources deployment and ensure the security of information systems resources to improve the overall performance of the organization. Develop the information processes and application systems to provide integrated management information platform. Planning and integrate the cloud-based platform to accelerate the expansion of the Group's new business. (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, SY Chen Accounting Officer: Franck Ho

Audit Committee's Report

To: 2014 General Annual Shareholders' Meeting of Coretronic Corporation

The Board of Directors of the Company has delivered the 2013 business report, the financial statements and the proposed 2013 earnings distribution. The aforesaid 2013 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 24, 2014

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders of Coretronic Corporation

We have audited the accompanying parent company only balance sheets of Coretronic Corporation as of December 31, 2013 and 2012 and January 1, 2012 and the related parent company only statements of comprehensive income, parent company only changes in equity, and parent company only cash flows for the years then ended December 31, 2013 and 2012. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only 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 parent company only financial statements referred to above present fairly, in all material respects, the financial position of Coretronic Corporation as of December 31, 2013 and 2012 and January 1, 2012, and the results of its operations and its cash flows for the years then ended December 31, 2013 and 2012, in conformity with requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 26, 2014
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 parent company only financial statements are intended only to present the parent company only financial position, 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 parent company only financial statements are those generally accepted and applied in the R.O.C.

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2013, December 31, 2012 and January 1, 2012

(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2013	%	December 31, 2012	%	January 1, 2012	%
Current assets						
Cash and cash equivalents	\$4,058,110	11.78	\$3,871,023	12.33	\$4,358,447	14.94
Financial assets at fair value through profit or loss-current	65,189	0.19	990	-	3,227	0.01
Hedging derivative financial assets-current	136,911	0.40	32,431	0.10	16,849	0.06
Notes receivables, net	3,712	0.01	-	-	-	-
Accounts receivables, net	5,268,426	15.29	5,694,605	18.15	2,226,978	7.64
Accounts receivable-related parties, net	1,890,941	5.49	1,555,560	4.96	1,922,285	6.59
Other receivables	79,157	0.23	112,136	0.36	57,043	0.20
Other receivables-related parties	706,797	2.05	517,936	1.65	591,196	2.03
Inventories, net	1,617,440	4.70	1,344,209	4.28	1,410,519	4.84
Prepayments	51,554	0.15	141,283	0.45	97,697	0.33
Other current assets	27,484	0.08	27,271	0.09	3,234	0.01
Total current assets	13,905,721	40.37	13,297,444	42.37	10,687,475	36.65
Non-current assets						
Financial assets measured at cost-noncurrent	221	-	221	-	221	-
Investments accounted for using the equity method	18,902,801	54.88	16,331,231	52.04	16,550,633	56.75
Property, plant and equipment, net	1,461,799	4.24	1,591,017	5.07	1,751,727	6.01
Intangible assets	26,165	0.08	20,361	0.07	27,999	0.09
Deferred tax assets	120,548	0.35	117,004	0.37	121,649	0.42
Other assets-others	27,242	0.08	24,329	0.08	22,711	0.08
Total non-current assets	20,538,776	59.63	18,084,163	57.63	18,474,940	63.35
Total assets	\$34,444,497	100.00	\$31,381,607	100.00	\$29,162,415	100.00

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2013, December 31, 2012 and January 1, 2012

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2013	%	December 31, 2012	%	January 1, 2012	%
Current liabilities						
Short-term debts	\$4,639,148	13.47	\$3,332,340	10.62	\$2,781,626	9.54
Financial liabilities at fair value through profit or loss-current	12,748	0.04	6,942	0.02	3,328	0.01
Hedging derivative financial liabilities-current	104,773	0.31	60,142	0.19	13,331	0.05
Notes payable	86	-	933	-	853	-
Accounts payable	3,263,242	9.47	2,634,689	8.40	2,440,755	8.37
Accounts payable-related parties	1,939,804	5.63	2,653,189	8.46	544,636	1.87
Other payables	1,506,371	4.37	1,224,813	3.90	1,526,165	5.23
Other payables-related parties	85,478	0.25	93,504	0.30	125,360	0.43
Current tax liabilities	111,355	0.32	111,398	0.35	275,342	0.95
Provision-current	467,766	1.36	488,904	1.56	495,864	1.70
Other current liabilities	306,477	0.89	330,075	1.05	389,125	1.33
Total current liabilities	12,437,248	36.11	10,936,929	34.85	8,596,385	29.48
Non-current liabilities						
Long-term loans	161,841	0.47	647,592	2.06	-	-
Deferred tax liabilities	35,999	0.10	5,430	0.02	13,739	0.05
Accrued pension liabilities	142,980	0.42	131,701	0.42	113,875	0.39
Other liabilities-others	274	-	119	-	226	-
Total non-current liabilities	341,094	0.99	784,842	2.50	127,840	0.44
Total liabilities	12,778,342	37.10	11,721,771	37.35	8,724,225	29.92
Equity						
Share capital						
Common stock	7,240,385	21.02	7,240,385	23.07	7,240,385	24.83
Capital surplus	4,552,383	13.22	4,552,383	14.51	4,542,827	15.57
Retained earnings						
Legal reserve	2,532,514	7.35	2,443,498	7.79	2,292,170	7.86
Special reserve	1,290,820	3.75	1,290,820	4.11	1,290,820	4.43
Undistributed earnings	5,865,913	17.03	4,755,554	15.15	5,197,667	17.82
Total retained earnings	9,689,247	28.13	8,489,872	27.05	8,780,657	30.11
Other equity	184,140	0.53	(622,804)	(1.98)	(49,168)	(0.17)
Treasury shares	-	-	-	-	(76,511)	(0.26)
Total equity	21,666,155	62.90	19,659,836	62.65	20,438,190	70.08
Total liabilities and equity	\$34,444,497	100.00	\$31,381,607	100.00	\$29,162,415	100.00

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2013 and 2012
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	2013	%	2012	%
Net sales	\$19,896,879	100.00	\$20,911,192	100.00
Operating costs	18,176,213	91.35	19,493,725	93.22
Gross profit	1,720,666	8.65	1,417,467	6.78
Unrealized intercompany profit	109,024	0.55	89,511	0.43
Realized intercompany profit	89,511	0.45	103,879	0.50
Gross profit, net	1,701,153	8.55	1,431,835	6.85
Operating expenses				
Selling expenses	214,182	1.08	203,484	0.98
Administrative expenses	852,402	4.29	870,445	4.16
Research and development expenses	1,017,480	5.11	957,257	4.58
Total operating expenses	2,084,064	10.48	2,031,186	9.72
Operating loss	(382,911)	(1.93)	(599,351)	(2.87)
Non-operating income and expenses				
Other income	380,139	1.91	298,993	1.43
Other gains and losses	135,434	0.68	60,016	0.29
Finance costs	(33,538)	(0.17)	(38,693)	(0.19)
Share of profit of subsidiaries and associates accounted for using the equity method	1,888,079	9.49	1,082,595	5.18
Total non-operating income and expenses	2,370,114	11.91	1,402,911	6.71
Net income before income tax	1,987,203	9.98	803,560	3.84
Income tax expense	(48,240)	(0.24)	80,051	0.39
Net income	1,938,963	9.74	883,611	4.23
Other comprehensive income				
Exchange differences resulting from translating the financial statements of foreign operations	749,259	3.77	(552,102)	(2.64)
Cash flow hedge	59,850	0.30	(27,711)	(0.13)
Actuarial losses on defined benefit plans	(15,581)	(0.08)	(22,789)	(0.11)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	682	-	9,135	0.04
Income tax relating to components of other comprehensive income	(2,815)	(0.01)	3,874	0.02
Other comprehensive income, net of tax	791,395	3.98	(589,593)	(2.82)
Total comprehensive income	\$2,730,358	13.72	\$294,018	1.41
Basic Earnings Per Share (in New Taiwan Dollars)	\$ 2.68		\$ 1.22	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$ 2.67		\$ 1.21	

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2013 and 2012

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Exchange differences resulting from translating the financial statements of foreign operations	Other equity		Treasury shares	Total equity
			Legal reserve	Special reserve	Undistributed earnings		Unrealized gains from available-for-sale financial assets	Effective hedging instrument from cash flow hedge		
Balance as of January 1, 2012	\$ 7,240,385	\$ 4,542,827	\$ 2,292,170	\$ 1,290,820	\$ 5,197,667	\$ -	\$ (51,709)	\$ 2,541	\$ (76,511)	\$20,438,190
Appropriation and distribution of 2011 earnings:										
Legal reserve	-	-	151,328	-	(151,328)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,158,462)	-	-	-	-	(1,158,462)
Adjustment of capital surplus accounted for using the equity method	-	(33)	-	-	23	-	-	-	-	(10)
Profit for the year ended December 31, 2012	-	-	-	-	883,611	-	-	-	-	883,611
Other comprehensive income for the year ended December 31, 2012	-	-	-	-	(15,957)	(552,102)	15,647	(37,181)	-	(589,593)
Total comprehensive income	-	-	-	-	867,654	(552,102)	15,647	(37,181)	-	294,018
Treasury stock sold to employees	-	9,589	-	-	-	-	-	-	76,511	86,100
Balance as of December 31, 2012	7,240,385	4,552,383	2,443,498	1,290,820	4,755,554	(552,102)	(36,062)	(34,640)	-	19,659,836
Appropriation and distribution of 2012 earnings:										
Legal reserve	-	-	89,016	-	(89,016)	-	-	-	-	-
Cash dividends	-	-	-	-	(724,039)	-	-	-	-	(724,039)
Profit for the year ended December 31, 2013	-	-	-	-	1,938,963	-	-	-	-	1,938,963
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	(15,549)	749,259	(12,870)	70,555	-	791,395
Total comprehensive income	-	-	-	-	1,923,414	749,259	(12,870)	70,555	-	2,730,358
Balance as of December 31, 2013	\$ 7,240,385	\$ 4,552,383	\$ 2,532,514	\$ 1,290,820	\$ 5,865,913	\$ 197,157	\$ (48,932)	\$ 35,915	\$ -	\$ 21,666,155

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2013 and 2012

(Amounts in thousands of New Taiwan Dollars)

Description	2013	2012	Description	2013	2012
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$1,987,203	\$803,560	Acquisition of investments accounted for using the equity method	(50,000)	(25,000)
Adjustments for:			Acquisition of property, plant and equipment	(33,131)	(51,648)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of property, plant and equipment	1,133	3,330
Bad debt expenses (reversal)	6,116	(2,364)	Acquisition of intangible assets	(13,975)	(2,092)
Depreciation	165,280	178,069	Decrease in intangible assets	250	-
Amortization	9,513	11,323	Increase in other assets-others	(4,505)	(3,211)
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(58,393)	5,851	Net used in investing activities	(100,228)	(78,621)
Interest expenses	33,538	38,693			
Interest income	(19,398)	(17,884)			
Stock-based payment-treasury stock sold to employees	-	7,108			
Share of profit of associates accounted for using the equity method	(1,888,079)	(1,082,595)			
Gain on disposal of property, plant and equipment	(639)	(2,268)			
Unrealized gross profit	109,024	89,511			
Realized gross profit	(89,511)	(103,879)			
Changes in operating assets and liabilities:					
Notes receivables	(3,712)	-	Cash flows from financing activities :		
Accounts receivables	420,063	(3,465,263)	Increase in short-term debts	1,306,808	550,714
Accounts receivables-related parties	(335,381)	366,725	(Decrease) increase in long-term bank loans	(485,751)	647,592
Other receivables	33,214	(68,971)	Increase (decrease) in other liabilities-others	155	(107)
Other receivables-related parties	(188,861)	73,260	Cash dividends	(724,039)	(1,158,462)
Inventories	(273,231)	66,310	Proceed from disposal of treasury stock	-	78,992
Prepayments	89,729	(43,586)	Net cash provided by in financing activities	97,173	118,729
Other current assets	(213)	(24,037)	Net increase (decrease) in cash and cash equivalents	187,087	(487,424)
Notes payable	(847)	80	Cash and cash equivalents at the beginning of the period	3,871,023	4,358,447
Accounts payables	628,553	193,934	Cash and cash equivalents at the end of the period	\$4,058,110	\$3,871,023
Accounts payables-related parties	(713,385)	2,108,553			
Other payables	277,651	(267,090)			
Other payables-related parties	(8,026)	(31,856)			
Provision-current	(21,138)	(6,960)			
Other current liabilities	(23,598)	(59,050)			
Accrued pension liabilities	(1,653)	(1,088)			
Cash generated from operating activities	133,819	(1,233,914)			
Interest received	19,163	31,762			
Dividend received	96,937	801,905			
Interest paid	(33,056)	(39,728)			
Income tax paid	(26,721)	(87,557)			
Net cash provided by (used in) operating activities	190,142	(527,532)			

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders of Coretronic Corporation

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries as of December 31, 2013 and 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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 consolidated 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 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, 2013 and 2012 and January 1, 2012, and the results of its operations and its cash flows for the years then ended December 31, 2013 and 2012, in conformity with requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations committee and Standing Interpretations Committee as endorsed by Financial Supervisory Commission.

The Company has prepared Separate Financial Statements as of December 31, 2013 and 2012 for the years then ended. We have expressed an unqualified opinion on those separate financial statements.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 26, 2014
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 consolidated financial statements are intended only to present the consolidated financial position, 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 consolidated financial statements are those generally accepted and applied in the R.O.C.

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2013, December 31, 2012 and January 1, 2012

(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2013	%	December 31, 2012	%	January 1, 2012	%
Current assets						
Cash and cash equivalents	\$ 16,498,603	28.39	\$ 12,930,125	27.04	\$ 14,321,728	28.75
Financial assets at fair value through profit or loss-current	196,640	0.34	3,944	0.01	25,414	0.05
Hedging derivative financial assets-current	198,812	0.34	42,223	0.09	20,866	0.04
Note receivables, net	376,187	0.65	340,583	0.71	152,276	0.31
Accounts receivables, net	21,336,906	36.72	14,861,166	31.08	14,832,155	29.77
Accounts receivables-related parties, net	16,345	0.03	4,704	0.01	35,566	0.07
Other receivables	229,506	0.39	317,317	0.66	321,401	0.65
Other receivables-related parties	171	-	54	-	74	-
Current tax assets	16,019	0.03	15,612	0.03	5,516	0.01
Inventories, net	7,609,357	13.10	7,073,084	14.79	7,678,860	15.41
Prepayments	363,122	0.62	493,634	1.03	513,471	1.03
Other current assets	156,433	0.27	146,083	0.31	151,933	0.31
Total current assets	46,998,101	80.88	36,228,529	75.76	38,059,260	76.40
Non-current assets						
Financial assets at fair value through profit or loss-noncurrent	133,835	0.23	132,145	0.28	113,100	0.23
Available-for-sale financial assets-noncurrent	53,982	0.09	66,852	0.14	62,486	0.13
Financial assets measured at cost-noncurrent	275,146	0.47	273,500	0.57	276,157	0.55
Investments accounted for using the equity method	-	-	-	-	52,108	0.10
Property, plant and equipment, net	9,301,889	16.01	9,567,723	20.01	9,691,035	19.45
Investment property, net	263,745	0.45	273,639	0.57	233,842	0.47
Intangible assets	475,084	0.82	674,498	1.41	705,963	1.42
Deferred tax assets	277,911	0.48	278,040	0.58	273,501	0.55
Other assets-others	327,897	0.57	323,260	0.68	349,051	0.70
Total non-current assets	11,109,489	19.12	11,589,657	24.24	11,757,243	23.60
Total assets	\$ 58,107,590	100.00	\$ 47,818,186	100.00	\$ 49,816,503	100.00

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2013, December 31, 2012 and January 1, 2012
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2013	%	December 31, 2012	%	January 1, 2012	%
Current liabilities						
Short-term debts	\$ 7,334,372	12.62	\$ 5,780,723	12.09	\$ 7,068,063	14.19
Financial liabilities at fair value through profit or loss-current	47,140	0.08	18,921	0.04	5,036	0.01
Hedging derivative financial liabilities-current	157,433	0.27	76,862	0.16	18,325	0.04
Notes payable	4,843	0.01	5,007	0.01	2,201	-
Accounts payable	18,330,979	31.55	12,373,323	25.88	12,139,450	24.37
Accounts payables-related parties	34,417	0.06	8,147	0.02	-	-
Other payables	4,541,650	7.82	3,823,038	7.99	4,252,325	8.54
Other payables-related parties	2,697	-	7,536	0.02	7,674	0.01
Current tax liabilities	876,256	1.51	577,816	1.21	671,489	1.35
Provision-current	825,837	1.42	934,975	1.95	1,142,558	2.29
Current portion of long-term loans	882	-	882	-	882	-
Other current liabilities	772,515	1.33	660,098	1.38	655,315	1.32
Total current liabilities	32,929,021	56.67	24,267,328	50.75	25,963,318	52.12
Non-current liabilities						
Long-term loans	174,151	0.30	660,831	1.38	14,142	0.03
Provision-non-current	12,975	0.02	12,951	0.03	6,751	0.01
Deferred tax liabilities	120,542	0.21	61,067	0.13	30,473	0.06
Accrued pension liabilities	300,831	0.52	291,596	0.61	271,802	0.54
Other liabilities-others	35,784	0.06	29,460	0.06	28,836	0.06
Total non-current liabilities	644,283	1.11	1,055,905	2.21	352,004	0.70
Total liabilities	33,573,304	57.78	25,323,233	52.96	26,315,322	52.82
Equity attributable to owners of the parent						
Share capital						
Common stock	7,240,385	12.46	7,240,385	15.14	7,240,385	14.53
Capital surplus	4,552,383	7.83	4,552,383	9.52	4,542,827	9.12
Retained earnings						
Legal reserve	2,532,514	4.36	2,443,498	5.11	2,292,170	4.60
Special reserve	1,290,820	2.22	1,290,820	2.70	1,290,820	2.59
Undistributed earnings	5,865,913	10.09	4,755,554	9.94	5,197,667	10.44
Total retained earnings	9,689,247	16.67	8,489,872	17.75	8,780,657	17.63
Other equity	184,140	0.32	(622,804)	(1.30)	(49,168)	(0.10)
Treasury shares	-	-	-	-	(76,511)	(0.15)
Non-controlling interests	2,868,131	4.94	2,835,117	5.93	3,062,991	6.15
Total equity	24,534,286	42.22	22,494,953	47.04	23,501,181	47.18
Total liabilities and equity	\$ 58,107,590	100.00	\$ 47,818,186	100.00	\$ 49,816,503	100.00

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2013 and 2012
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	2013	%	2012	%
Net sales	\$ 72,748,977	100.00	\$ 67,626,289	100.00
Operating costs	62,299,027	85.64	58,554,130	86.58
Gross profit	10,449,950	14.36	9,072,159	13.42
Operating expenses				
Selling expenses	2,449,411	3.37	2,621,108	3.88
Administrative expenses	2,607,909	3.58	2,664,050	3.94
Research and development expenses	2,793,172	3.84	2,788,451	4.12
Total operating expenses	7,850,492	10.79	8,073,609	11.94
Operating income	2,599,458	3.57	998,550	1.48
Non-operating income and expenses				
Other income	424,029	0.58	540,423	0.80
Other gains and losses	(72,494)	(0.10)	53,773	0.08
Finance costs	(96,463)	(0.13)	(131,660)	(0.19)
Share of profit of associates accounted for using the equity method	-	-	3,069	-
Total non-operating income and expenses	255,072	0.35	465,605	0.69
Net income before income tax	2,854,530	3.92	1,464,155	2.17
Income tax expense	(838,513)	(1.15)	(416,980)	(0.62)
Net income	2,016,017	2.77	1,047,175	1.55
Other comprehensive income				
Exchange differences resulting from translating the financial statements of foreign operations	830,074	1.14	(618,508)	(0.92)
Unrealized gains from available-for-sale financial assets	(12,870)	(0.02)	15,647	0.02
Cash flow hedge	76,019	0.10	(37,181)	(0.05)
Actuarial losses on defined benefit plans	(14,823)	(0.02)	(27,807)	(0.04)
Share of other comprehensive income of associates accounted for using the equity method	(2,944)	-	4,727	0.01
Other comprehensive income, net of tax	875,456	1.20	(663,122)	(0.98)
Total comprehensive income	\$ 2,891,473	3.97	\$ 384,053	0.57
Net income for the periods attributable to :				
Owners of the parent	\$ 1,938,963		\$ 883,611	
Non-controlling interests	\$ 77,054		\$ 163,564	
Total comprehensive income for the periods attributable to :				
Owners of the parent	\$ 2,730,358		\$ 294,018	
Non-controlling interests	\$ 161,115		\$ 90,035	
Basic Earnings Per Share (in New Taiwan Dollars)	\$ 2.68		\$ 1.22	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$ 2.67		\$ 1.21	

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2013 and 2012
(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent										Non-controlling interests	Total equity	
	Common stock	Capital surplus	Retained earnings			Other equity				Treasury shares			Total
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains from available-for-sale financial assets	Effective hedging instrument from cash flow hedge					
Balance as of January 1, 2012	\$ 7,240,385	\$ 4,542,827	\$ 2,292,170	\$ 1,290,820	\$ 5,197,667	\$ -	\$ (51,709)	\$ 2,541	\$ (76,511)	\$ 20,438,190	\$ 3,062,991	\$ 23,501,181	
Adjustments of capital surplus accounted for using the equity method	-	(33)	-	-	23	-	-	-	-	(10)	-	(10)	
Appropriation and distribution of 2011 earnings:													
Legal reserve	-	-	151,328	-	(151,328)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(1,158,462)	-	-	-	-	(1,158,462)	-	(1,158,462)	
Treasury stock sold to employees	-	9,589	-	-	-	-	-	-	76,511	86,100	-	86,100	
Profit for the year ended December 31, 2012	-	-	-	-	883,611	-	-	-	-	883,611	163,564	1,047,175	
Other comprehensive income for the year ended December 31, 2012	-	-	-	-	(15,957)	(552,102)	15,647	(37,181)	-	(589,593)	(73,529)	(663,122)	
Total comprehensive income	-	-	-	-	867,654	(552,102)	15,647	(37,181)	-	294,018	90,035	384,053	
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(317,909)	(317,909)	
Balance as of December 31, 2012	7,240,385	4,552,383	2,443,498	1,290,820	4,755,554	(552,102)	(36,062)	(34,640)	-	19,659,836	2,835,117	22,494,953	
Appropriation and distribution of 2012 earnings:													
Legal reserve	-	-	89,016	-	(89,016)	-	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(724,039)	-	-	-	-	(724,039)	-	(724,039)	
Profit for the year ended December 31, 2013	-	-	-	-	1,938,963	-	-	-	-	1,938,963	77,054	2,016,017	
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	(15,549)	749,259	(12,870)	70,555	-	791,395	84,061	875,456	
Total comprehensive income	-	-	-	-	1,923,414	749,259	(12,870)	70,555	-	2,730,358	161,115	2,891,473	
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(128,101)	(128,101)	
Balance as of December 31, 2013	\$ 7,240,385	\$ 4,552,383	\$ 2,532,514	\$ 1,290,820	\$ 5,865,913	\$ 197,157	\$ (48,932)	\$ 35,915	\$ -	\$ 21,666,155	\$ 2,868,131	\$ 24,534,286	

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2013 and 2012
(Amounts in thousands of New Taiwan Dollars)

Description	2013	2012	Description	2013	2012
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$ 2,854,530	\$ 1,464,155	Proceeds from disposal of available-for-sale financial assets	-	11,408
Adjustments for:			Proceeds from disposal of investments accounted for using the equity method	-	62,237
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(1,038,067)	(1,891,481)
Bad debt reversal	(20,692)	(54,726)	Proceeds from disposal of property, plant and equipment	48,072	274,851
Depreciation (including investment property)	1,495,199	1,403,800	Acquisition of intangible assets	(49,598)	(109,634)
Amortization (including other assets-others)	60,331	99,494	Proceeds from disposal of intangible assets	274	62,192
Interest expenses	96,463	131,660	Increase in other assets-others	(17,418)	(3,172)
Interest income	(5,822)	(191,728)	Net cash used in investing activities	(1,056,737)	(1,593,599)
Dividend income	3,183	271			
Transfer of property, plant and equipment to expense	9,958	(18,759)			
Losses (gain) on disposal of property, plant and equipment	-	(7,836)			
Gain on disposal of investments	-	(3,069)			
Share of profit of associates accounted for using the equity method	-	96,179			
Impairment of non-financial assets	256,787	16,310			
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(166,167)	7,108			
Stock-based payment-treasury stock sold to employees	-	-			
Changes in operating assets and liabilities:			Cash flows from financing activities :		
Notes receivables	(35,604)	(188,307)	Increase (decrease) in short-term debts	1,533,649	(1,287,340)
Accounts receivables	(6,472,778)	39,956	(Decrease) increase in long-term bank loans	(486,680)	646,689
Accounts receivables-related parties	(11,641)	30,862	Increase in other liabilities-others	6,348	6,824
Other receivables	88,931	3,828	Cash dividends	(724,039)	(1,158,462)
Other receivables-related parties	(117)	20	Proceeds from disposal of treasury stock	-	78,992
Inventories	(560,318)	626,456	Decrease in non-controlling interests	(128,101)	(317,919)
Prepayments	130,512	22,637	Net cash provided by (used in) financing activities	221,177	(2,031,216)
Other current assets	(10,350)	5,850	Effect of changes in exchange rate on cash and cash equivalents	559,241	(435,865)
Notes payables	(164)	2,806	Net increase (decrease) in cash and cash equivalents	3,568,478	(1,391,603)
Accounts payables	5,957,656	233,873	Cash and cash equivalents at the beginning of the period	12,930,125	14,321,728
Accounts payables-related parties	26,270	8,147	Cash and cash equivalents at the end of the period	\$ 16,498,603	\$ 12,930,125
Other payables	729,527	(425,444)			
Other payables-related parties	(4,839)	(138)			
Provision-current	(109,138)	(207,583)			
Other current liabilities	112,417	4,783			
Accrued pension liabilities	(6,314)	3,837			
Cash generated from operating activities	4,272,325	3,094,126			
Dividend received	5,822	10,316			
Interest received	144,375	191,984			
Interest paid	(91,386)	(132,655)			
Income tax paid	(486,339)	(494,694)			
Net cash provided by operating activities	3,844,797	2,669,077			

Comparison Table of Amendments to the Company's Articles of Incorporation

Current Provisions	Proposed Amendments	Note
<p>Article 2</p> <p>The business engaged in by the Company shall be as follows :</p> <p>A. CC01050 Data Storage and Processing Equipment Manufacturing</p> <p>B. CC01080 Electronic Parts and Components Manufacturing</p> <p>C. CE01030 Photographic and Optical Equipment Manufacturing</p> <p>Research, develop, produce, manufacture and sale the following optical products :</p> <p>a. Various LCDs, projections and the backlight modules</p> <p>b. Multimedia presentation system equipments and software</p> <p>e. Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors</p> <p>D. All kinds of consigned design and develop and consulting services regarding above products</p> <p>E. Import and export trading business related to the above businesses (except the businesses requiring permit)</p> <p>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)</p>	<p>Article 2</p> <p>The business engaged in by the Company shall be as follows :</p> <p><u>一、CC01110 Computers and Computing Peripheral Equipments Manufacturing</u></p> <p><u>二、CC01080 Electronic Parts and Components Manufacturing</u></p> <p><u>三、CE01030 Photographic and Optical Equipment Manufacturing</u></p> <p><u>四、F401021 Restrained Telecom Radio Frequency Equipments and Materials Import</u></p> <p><u>五、CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)</u></p> <p><u>六、CC01990 Batteries Manufacturing (can only be manufactured outside Hsinchu Science Park)</u></p> <p><u>七、Research, develop, produce, manufacture and sale the following optical products :</u></p> <p><u>(一) Various LCDs, projections and the backlight modules</u></p> <p><u>(二) Multimedia presentation system equipments and software</u></p> <p><u>(三) Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors</u></p> <p><u>(四) All kinds of consigned design and develop and consulting services regarding above products</u></p> <p><u>(五) Import and export trading business related to the above businesses (except the businesses requiring permit)</u></p> <p><u>八、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)</u></p> <p><u>九、Design, manufacturing and sales of the power supply, electronic car and fuel cell related products and its Components</u></p>	<p>To accommodate the Company's future business needs</p>

Current Provisions	Proposed Amendments	Note
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 14 A shareholder of the Company shall be entitled to one vote for each share held <u>except the shares provided by laws.</u>	To comply with the applicable laws
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 16 When a shareholder of the Company is unable to attend a shareholder meeting for any reason, the shareholder may appoint proxies to attend the shareholder meeting <u>published by the Company.</u> 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".	To comply with the applicable laws
CHAPTER 4 : Directors, Supervisors and Managers	CHAPTER 4 : Directors, <u>Audit Committee</u> and Managers	To comply with the Audit Committee
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	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 directors shall adopt the candidate nomination measure <u>and elected by shareholders' meeting from previous candidates.</u> Matters regarding professional qualification, restrictions on shareholdings, concurrent positions held, determination of independency, method of nomination and	To comply with the application of e-voting

Current Provisions	Proposed Amendments	Note
with respect to independent directors shall be subject to the rules prescribed by the securities governing authorities.	election and other matters for compliance with respect to independent directors shall be subject to the rules prescribed by the securities governing authorities.	
<p>Article 25</p> <p>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 contribute certain surplus in accordance with applicable laws. The Company may also set aside special reserve(s) according to the business need. The balance, including the retained profits from the previous years, shall be distributed in accordance with the following:</p> <p>(1) Employee bonuses between fifteen percent to twenty percent</p> <p>(2) The remainder shall be shareholders' dividends after deducting partial of all of the remainder as general reserve.</p> <p>(Skip)</p>	<p>Article 25</p> <p>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 contribute <u>or reserve</u> certain surplus in accordance with applicable laws. The Company shall be distributed in accordance with the following <u>order</u>:</p> <p>(1) Employee bonuses between <u>ten</u> percent to twenty percent</p> <p>(2) <u>The remainder shall include the retained profits from the previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.</u></p> <p>(Skip)</p>	To accommodate the Company's needs
<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; ; 18th amended on June 12, 2012;The 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; ; 18th amended on June 12, 2012 ; <u>19th amended on June 17, 2014</u>;The Articles of Incorporation shall be effective from the date they are approved by the shareholders meeting. The same applies in case of amendments.</p>	

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

Current Provisions	Proposed Amendments
<p>2.Scope : The term "assets" as used in the Procedures includes the following :</p> <p>2.1 、 2.3~2.8 Skip</p> <p>2.2 Real property and other fixed assets.</p>	<p>2.Scope : The term "assets" as used in the Procedures includes the following :</p> <p>2.1 、 2.3~2.8 Skip</p> <p>2.2 Real property (<u>including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory</u>) and <u>equipment</u>.</p>
<p>3. Definition:</p> <p>3.2~3.3 and 3.5~3.7 Skip</p> <p>3.1 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or other fixed assets.</p> <p>3.4 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration (hereinafter "transfer of shares") under Article 156, paragraph 6 of the Company Act.</p> <p>3.8~3.9 newly added</p>	<p>3. Definition:</p> <p>3.2~3.3 and 3.5~3.7 Skip</p> <p>3.1 Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>equipment</u>.</p> <p>3.4 Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.</p> <p>3.8 Total assets : <u>The most recent total amount of assets of individuals or individual financial statements of the Company refers to the financial statements prepared in accordance with the criteria of securities of the issuer reporting requirements.</u></p> <p>3.9 <u>In the case of the company's shares have no par value or a par value other than NT\$10, a company whose shares, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.</u></p>
<p>4. Responsibilities</p> <p>4.1~4.2 Skip</p> <p>4.3 The public administration Department: The unit is responsible for scrapping and disposal of real property and other fixed assets investment is responsible for parity.</p> <p>4.4-Assets administered Unit : The unit is responsible</p>	<p>4. Responsibilities</p> <p>4.1~4.2 Skip</p> <p>4.3 Assets administered Unit : The unit is responsible <u>real property and equipment</u> management, <u>retirement and disposal</u>. The asset management are subject to the supervision of the accounting department.</p>

Current Provisions	Proposed Amendments
<p>for asset management, maintenance, repair and engineering. The implementation of asset management is under supervision of the accounting department.</p> <p>4.5 Legal Department : The unit is responsible for patents, copyrights, trademarks, licenses and other intangible assets obtained or disposal.</p> <p>4.6 Audit Department : The unit is responsible for auditing the acquisition or disposition of securities investment, real property, membership cards, intangible assets derivative instruments and other assets.</p>	<p>4.4 Legal Department : The unit is responsible for patents, copyrights, trademarks, licenses and other intangible assets obtained or disposal.</p> <p>4.5 Audit Department : The unit is responsible for auditing the acquisition or disposition of portfolio investment, real property, membership cards, intangible assets derivative instruments, <u>equipment</u> and other <u>important</u> assets.</p>
<p>6.1 The procedures of acquisition or disposal of securities 6.1.2~6.1.3 Skip 6.1.1 Assessment procedures : Skip a. To acquire or dispose of securities, the Company or the Subsidiary shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, 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 Accounting Research and Development Foundation. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise by regulations of the Procedures Article 6.11.,2.,b. b 、b.1~b.8 and b.10 Skip b.9 According to the regulation of Securities Investment Trust and Consulting Act Article 11 paragraph 1 and the Financial Supervisory Commission, Executive Yuan(as FSC) processing the subscription before the date of establishment of the fund. c and d Skip</p>	<p>6.1 The procedures of acquisition or disposal of securities 6.1.2~6.1.3 Skip 6.1.1 Assessment procedures : Skip a. To acquire or dispose of securities, the Company or the Subsidiary shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall, prior to the date of occurrence of the event, 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 <u>ROC</u> Accounting Research and Development Foundation (<u>as RARDF</u>). This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise by regulations of the Procedures Article 6.11.,2.,b. b 、b.1~b.8 and b.10 Skip b.9 According to the regulation of Securities Investment Trust and Consulting Act Article 11 paragraph 1 and the Financial Supervisory Commission(as FSC) processing the subscription before the date of establishment of the fund. c and d Skip</p>

Current Provisions	Proposed Amendments
<p>6.2 The procedures of acquisition or disposal of real property and other fixed assets.</p> <p>6.2.2 Skip</p> <p>6.2.1 Assessment procedures :</p> <p>1)After the acquisition of real property and other fixed assets, should be prepared in advance of each unit of capital spending plans, conduct feasibility assessment, after countersigned assets administered by departments, units sent Managers restated capital expenditure budget and according to plan execution and control of content.</p> <p>2)The unit shall evaluate before disposal of real property and other fixed assets, and approved by authorized person.</p> <p>3)Price determination method and reference: acquisition or disposition of real property and other fixed assets by reference to the present value of assets administered by the unit, assessed the present value of real estate adjacent to the actual transaction price, and after inquiry, parity, after bargaining determined.</p>	<p>6.2 The procedures of acquisition or disposal of real property <u>or equipment</u>.</p> <p>6.2.2 Skip</p> <p>6.2.1 Assessment procedures :</p> <p>1) After the acquisition of real property <u>or equipment</u>, should be prepared in advance of each unit of capital spending plans, conduct feasibility assessment, after countersigned assets administered by departments, units sent Managers restated capital expenditure budget and according to plan execution and control of content.</p> <p>2) The unit shall evaluate before disposal of real property <u>or equipment</u>, and approved by authorized person.</p> <p>3) Price determination method and reference: acquisition or disposition of real property <u>or equipment</u> by reference to the present value of assets administered by the unit, assessed the present value of real estate adjacent to the actual transaction price, and after inquiry, parity, after bargaining determined.</p>
<p>6.2.3 Experts report and opinion :</p> <p>The company acquiring or disposing real property or other fixed 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 prior to the date of occurrence of the event :</p> <p>(Skip)</p> <p>6.2.4 The procedures</p> <p>1)Authorized amount and level: The corporate acquisition or disposal real property and other fixed assets, shall be subject to the approval of the chairman and may do so only, and afterwards to mention the most recent report to the Board.</p> <p>2)Implementation: The Company acquires or disposes of real estate and other fixed assets, should be in accordance with the authorized amount and level of Presentation of the preceding paragraph, by the use of departments and units responsible for the implementation of responsibilities and perform the transaction process under this system of internal</p>	<p>6.2.3 Experts report and opinion :</p> <p>The company acquiring or disposing real property or <u>equipment</u> 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 prior to the date of occurrence of the event :</p> <p>(Skip)</p> <p>6.2.4 The procedures</p> <p>1)Authorized amount and level: The corporate acquisition or disposal real property <u>or equipment</u>, shall be subject to the approval of the <u>internal regulations competent</u> and may do so only, and afterwards to mention the most recent report to the Board.</p> <p>2)Implementation: The Company acquires or disposes of real estate <u>or equipment</u>, should be in accordance with the authorized amount and level of Presentation of the preceding paragraph, by the use of departments and units responsible for the implementation of responsibilities and perform the</p>

Current Provisions	Proposed Amendments
control.	transaction process under this system of internal control.
<p>6.3 Procedures of Acquisition or Disposal of Properties form related party</p> <p>6.3.4 Skip</p> <p>6.3.1 With respect to the acquisition or swap disposal of all kinds 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 .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 with previous section.</p> <p>6.3.2 To acquire or dispose real property from a related party, or to acquire or dispose assets other than real property from a related party and the transaction amount is 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million or more, the Company or the Subsidiary may not execute the transaction agreement(s) or settle payment until the following matters have been approved by the Audit Committee and Board of Directors:</p> <p>(Skip)</p> <p>The acquisition or disposal of machinery and equipment for business between the Company and its subsidiaries, the Board of Directors may authorize the chairman of NT \$ 500 million in the first line of decisions, the most recent report mention afterwards ratified by the Board.</p> <p>6.3.3 The company has made real to the relationship between man, according to the following methods to assess the reasonableness of transaction costs:</p> <p>(Skip)</p> <p>3) Signed the contract of co-construction to acquire real estate with related.</p>	<p>6.3 Procedures of Acquisition or Disposal of Properties form related party</p> <p>6.3.4 Skip</p> <p>6.3.1 With respect to the acquisition or swap disposal of all kinds 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 .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 with <u>Article 6.2</u>.</p> <p>6.3.2 To acquire or dispose real property from a related party, or to acquire or dispose assets other than real property from a related party and the transaction amount is 20 percent of the Company's paid-in capital, 10 percent of the Company's total assets or NT\$300 million or more, the Company or the Subsidiary may not execute the transaction agreement(s) or settle payment until the following matters have been approved by the Audit Committee and Board of Directors <u>in addition to trading in bonds, repurchase, redemption of the bond conditions, purchase or redemption outside the domestic money market funds</u>:</p> <p>(Skip)</p> <p>The acquisition or disposal of machinery and equipment for business between the Company and its subsidiaries, the Board of Directors may authorize the chairman of NT \$ 500 million in the first line of decisions, the most recent report mention afterwards ratified by the Board.</p> <p>6.3.3 The company has made real to the relationship between man, according to the following methods to assess the reasonableness of transaction costs:</p> <p>(Skip)</p> <p>3) Signed the contract of co-construction, <u>self prefectural construction and rent prefectural construction, which build by related</u> to acquire real estate with related.</p>

Current Provisions	Proposed Amendments
<p>6.4 The Procedures of Acquisition or Disposal of Memberships or Intangible Assets</p> <p>6.4.1~6.4.2 Skip</p> <p>6.4.3 Expert Opinion :</p> <p>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 prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>6.4.4 The procedures</p> <p>1)Authorized amount and level: to achieved or disposal the membership card and intangible assets of the Company shall not only be subject to the approval of the chairman, but also afterwards mention the most recent report to the Board.</p> <p>(Skip)</p>	<p>6.4 The Procedures of Acquisition or Disposal of Memberships or Intangible Assets</p> <p>6.4.1~6.4.2 Skip</p> <p>6.4.3 Expert Opinion :</p> <p><u>In addition to the transactions with government institutions,</u> 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 prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>6.4.4 The procedures</p> <p>1)Authorized amount and level: to achieved or disposal the membership card and intangible assets of the Company shall not only be subject to the approval of the <u>internal regulations competent</u>, but also afterwards mention the most recent report to the Board.</p> <p>(Skip)</p>
<p>6.5 The Procedures of trading derivative</p> <p>6.5.1~6.5.4 and 6.5.6 Skip</p> <p>6.5.5 The Duty of Management Team</p> <p>Skip</p> <p>newly added</p>	<p>6.5 The Procedures of trading derivative</p> <p>6.5.1~6.5.4 and 6.5.6 Skip</p> <p>6.5.5 The Duty of Management Team</p> <p>Skip</p> <p><u>d. Derivative transactions of the Company under the procedure, should be handled as set authorization levels, and afterwards reported to the soonest meeting of the board of directors.</u></p>

Current Provisions	Proposed Amendments
<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 the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements. 2) Merger, demerger, acquisition, or transfer of shares. 3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: <ol style="list-style-type: none"> a. Trading of government bonds. b. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets. c. Trading of bonds under repurchase/resale agreements. d. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. <p>(Skip)</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 the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements <u>and purchase or redemption of the domestic money market fund.</u> 2) Merger, demerger, acquisition, or transfer of shares. 3) Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company. 4) Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: <ol style="list-style-type: none"> a. Trading of government bonds. b. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets. c. Trading of bonds under repurchase/resale agreements <u>and purchase or redemption of the domestic money market fund.</u> d. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. <p>(Skip)</p>

Coretronic Corporation

Articles of Incorporation

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 shareholders' 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 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 22: 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; ; 18th amended on June 12, 2012; There 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

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 preceeded 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.

Appendix 3

Information on Director Remuneration and Employee Bonus

The Board adopted a proposal for 2013 bonus to Directors and employees' cash profit sharing at its Meeting on February 26, 2014. It is proposed to distribute NT\$0 for directors' remunerations, NT\$0 for employee stock bonus shares, and NT\$0 for employee cash bonus. The original expense estimate is same with the proposed amount effected upon the approval of shareholders.

Appendix 4

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

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

Appendix 5

Shareholding of All Directors

1. Total shares issued as of April 19, 2014 are 724,038,518.
2. As of April 19, 2014, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Wade Chang	12,635,773	1.75%
Director	Hsun Chieh Investment Co.	25,104,252	3.47%
Director	Sarah Lin	1,000,000	0.14%
Director	SY Chen	1,330,089	0.18%
Independent Director	Ted Tu	0	0.00%
Independent Director	Chual-Hsin Teng	0	0.00%
Independent Director	Houn-Gee Chen	0	0.00%
Number of shares held by all directors		40,070,114	5.54%

3. According to legal rules the minimum number of shares that may be held by all directors is 23,169,232 shares.