

Stock Code 5371

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Coretronic Corporation

**Handbook for the 2016
Annual General Shareholders' Meeting**

Meeting Time: June 15, 2016

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

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Coretronic Corporation
2016 Annual General Shareholders' Meeting Procedure

1. Call the Meeting to Order
2. Chairman's Remarks
3. Discussion Items
4. Report Items
5. Ratification Items
6. Discussion and Election Items
7. Motions
8. Adjournment

Coretronic Corporation
2016 Annual General Shareholders' Meeting Agenda

Time : 9:00 a.m., June 15 (Wednesday), 2016

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

I. Call the Meeting to Order

II. Chairman's Remarks

III. Discussion Items

1. Proposal of Amending the Company's Articles of Incorporation.

IV. Report Items

1. 2015 Annual Business Report.
2. Audit Committee's Report.
3. The distribution of 2015 employees' compensation.
4. The status of issuance of 2015 new common shares through cash capital increase or in the form of global depositary receipts.

V. Ratification Items

1. Ratification of 2015 Annual Business Report and financial statements.
2. Ratification of the proposal for the distribution of 2015 earnings.

VI. Discussion and Election Items

1. Proposal of conducting the Company's capital reduction.
2. Proposal for the Company's election of Directors.
3. Proposal to release the newly-elected Directors from non-competition restrictions.

VII. Motions

VIII. Adjournment

Discussion Items

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

- (1) To coordinate Company Act revised and to accommodate the Company's operational needs, 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 1.
- (3) Please resolve.

Resolution:

Report Items

1. 2015 Annual Business Report

Description: 2015 Annual Business Report is attached as Attachment 2.

2. Audit Committee's Report

Description: The Audit Committee's Report on 2015 Financial Statements is attached as Attachment 3.

3. The distribution of 2015 employees' compensation.

Description: In accordance with the Company's revised Article of Incorporation, 10%~20% of profit of the current year shall be distributed as employees' compensation. The board of directors resolved to distribute NT \$ 292,564,478 as 2015's employee compensation in cash.

4. The status of issuance of 2015 new common shares through cash capital increase or in the form of global depositary receipts.

Description: (1) In order to support the Company's fund needs for future operation, it was approved by 2015 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\$3.5 billion or 70 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 2015 Business Report and Financial Statements. (Proposed by the Board of Directors)

Description:

- (1) The 2015 Financial Statement of the Company audited by Ernst & Young and had issued its review report accordingly.

(2) Please refer to attachment 2 and 4 for 2015 Business Report and financial statements.

(3) Please resolve.

Resolution:

2. Ratification of the Proposal for the Distribution of 2015 Earnings. (Proposed by the Board of Directors)

Description:

(1) The proposed profits distribution is allocated from Earnings in 2015 Available for Distribution, The earnings distribution table please refer to attachment 5.

(2) Record date for paying cash dividend: Upon the approval of the 2016 shareholders' meeting, it is proposed to authorize the chairman of BOD to determine the ex-dividend date.

(3) In the event that, before the distribution record date, the outstanding shares are affected, it is proposed that the chairman be authorized to adjust the share dividend based on the number of actual shares outstanding on the record date for distribution.

(4) Please resolve.

Resolution:

Discussion and Election Items

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

(1) To recapitalize and enhance shareholders' interests, it is proposed that the Company conduct a capital reduction and cash repayment. The amount of the capital reduction shall be NT\$1,086,057,780. Following the capital reduction, paid-in capital shall be NT\$4,344,231,100 and no shares shall be issued in physical form.

(2) The amount of the capital reduction shall be NT\$1,086,057,780, which is calculated based on the numbers of outstanding shares on March 25, 2016. The capital reduction percentage is 20%.

(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 800 shares, which will achieve a reduction of 108,605,778 common shares. For each fractional common share resulting from the capital reduction, the shareholders' other fractional shares; therefore 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 of BOD 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 the 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 Company's issued shares , if the number of outstanding shares 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 for the Company's election of Directors. (Proposed by the Board of Directors)

- (1) The eighth term of the office of Directors expired on June 17, 2016, old Directors retiring on the date of election of new Directors. According to Article of the Company, there shall be a board of Directors consisting of seven persons, including three Independent Directors. Each of whom shall be appointed to a term of office of three years. The eighth term of the office of Directors started from June 15, 2016 and expired on June 14, 2019.
- (2)The Company adopts the candidate nomination system for electing Directors. Shareholders should be elected on the list of candidates for directors.The information of the candidates please refer to attachment 6.
- (3) Please elect.

Election Results:

3. Proposal to release the newly-elected Directors from non-competition restrictions.

(Proposed by the Board of Directors)

- (1) Pursuant to Article 209 of the Company Act, a director engaging, either for himself or on behalf of another person, activities that are within the scope of the Company's business, shall explain to the meeting of shareholders the essential contents of such activities and obtain the shareholders approval for engaging in such activities.
- (2) It is proposed for the shareholders meeting to lift non-competition restrictions on new board members and their representatives. The list of competition restrictions on Directors proposed to be released is attached as attachment 7.
- (3) Please resolve.

Resolution:

Motions

Adjournment

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

Current Provisions	Proposed Amendments	Note
<p>Article 2 The business engaged in by the Company shall be as follows :</p> <p>一、CC01110 Computers and Computing Peripheral Equipments Manufacturing</p> <p>二、CC01080 Electronic Parts and Components Manufacturing</p> <p>三、CE01030 Photographic and Optical Equipment Manufacturing</p> <p>四、F401021 Restrained Telecom Radio Frequency Equipments and Materials Import</p> <p>五、CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)</p> <p>六、CC01990 Batteries Manufacturing (can only be manufactured outside Hsinchu Science Park)</p> <p>七、Research, develop, produce, manufacture and sale the following optical products :</p> <p>(一) Various LCDs, projections and the backlight modules</p> <p>(二) Multimedia presentation system equipments and software</p> <p>(三) Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors</p> <p>(四) All kinds of consigned design and develop and consulting services regarding above products</p> <p>(五) Import and export trading business related to the above businesses (except the businesses requiring permit)</p> <p>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)</p> <p>九、Design, manufacturing and sales of the power supply, electronic car and fuel cell related products and its</p>	<p>Article 2 The business engaged in by the Company shall be as follows :</p> <p>一、CC01110 Computers and Computing Peripheral Equipments Manufacturing</p> <p>二、CC01080 Electronic Parts and Components Manufacturing</p> <p>三、CE01030 Photographic and Optical Equipment Manufacturing</p> <p>四、<u>CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacture</u></p> <p>五、F401021 Restrained Telecom Radio Frequency Equipments and Materials Import</p> <p>六、CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)</p> <p>七、CC01990 Batteries Manufacturing (can only be manufactured outside Hsinchu Science Park)</p> <p>八、Research, develop, produce, manufacture and sale the following optical products :</p> <p>(一) Various LCDs, projections and the backlight modules</p> <p>(二) Multimedia presentation system equipments and software</p> <p>(三) Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors</p> <p>(四) All kinds of consigned design and develop and consulting services regarding above products</p> <p>(五) Import and export trading business related to the above businesses (except the businesses requiring permit)</p> <p>九、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>To accommodate the Company's future business needs.</p>

Current Provisions	Proposed Amendments	Note
Components	±、Design, manufacturing and sales of the power supply, electronic car and fuel cell related products and its Components	
<p>Article 15</p> <p>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.</p>	<p>Article 15</p> <p>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.</p> <p><u>Shareholders' meeting will adopt electronic voting as one of the method to exercise the right to vote, and its related operation rules shall follow the competent authority regulations.</u></p>	Increase the number of voting methods.
<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 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 or reserve certain surplus in accordance with applicable laws. The Company shall be distributed in accordance with the following order:</p> <p>(1) Employee bonuses between ten percent to twenty percent</p> <p>(2) The remainder shall include the retained profits from previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.</p> <p>(skip)</p>	<p>Article 25</p> <p><u>10%~20% of profit of the current year shall be distributed as employees' compensation.</u></p> <p><u>If the Company have losses from previous year, the losses shall be compensated in advance.</u></p> <p><u>Employee compensation distributed shall be made in stocks or cash including employees of the Company and may include employees of the controlled companies.</u></p> <p>In the case that the annual final <u>accounts</u> audit results in surplus, funds shall be appropriated first for income tax payments and to compensate for losses from 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 or reserve certain surplus in accordance with applicable laws. The retained profits from previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.</p> <p>(skip)</p>	To comply with the applicable laws.

Current Provisions	Proposed Amendments	Note
<p>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.</p>	<p>Article 26 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.</p>	<p>To comply with the applicable laws.</p>
<p>Article 30 This Articles of Incorporation adopted on June 18, 1992; (skip) ; 18th amended on June 12, 2012; 19th amended on June 17, 2014;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 This Articles of Incorporation adopted on June 18, 1992; (skip) ; 18th amended on June 12, 2012; 19th amended on June 17, 2014; <u>20th amended on June 15, 2016</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>	<p>Updating of the date of amendment.</p>

Coretronic Corporation

2015 Business Report

For the fiscal year of 2015, Coretronic reported consolidated sales revenue of NT\$68,160 million and operating income of NT\$2,016 million with a net income of NT\$1,955 million. Net income attributable to equity holders of the parent company was NT\$1,905 million with the basic EPS of NT\$3.51 calculated on the basis of Dec. 31, 2015 outstanding shares.

Sales breakdowns by product lines in 2015 as below: (Consolidated)

Product	2015	2014	Diff.
LCD Backlight (pc)	71,097,696	92,950,809	(24%)
Projector (unit)	1,128,639	1,162,793	(3%)

In year 2015, the company invest significantly amount of R&D resources in cultivating core competences, including injection LGP, rolling stamping LGP and printing LGP technologies, and to strive leading positions in super narrow bezel, ultra-slim, 4K resolution, energy saving advanced flat display and touch solutions. Further by applying those innovative designs to brand customers, which facilitates better differentiations and unique market propositions, such as 0.4mm thickness injection LGP for Notebook Hinge-Up applications, 3.9mm thickness 65" large TV display applications, and high brightness super slim Monitor applications.

Semi-system integration is another new era to explore. To provide one stop solutions with better yield rate, product quality and niches designs, we have successfully developed 10.1 inches in-vehicle infotainment display semi-system with touch solutions, which has adopted by international European automakers.

Our vision is to devote best endeavor in innovative technologies and to provide a great diversity of leading edge displays and touch solutions to branding partners to jointly enhance utmost user experiences.

In projection product, we extend the business model from projector to total solution system and optical engine module for special application area. Besides fruitful outcome in real image projection product taking the leading position, we also take a good achievement in AR/VR products development with actual sales in last year. (The team is setup three years ago). Based on these two extensions, we expand our business into different business territories. More than that, we also built key components developing team to develop unique and leading technologies to enhance our core competence, hence took many products in the leading position in past year.

For total solution system product development, started from user-friendly/benefits to increase customer value, we setup own software developing team, and workout the world frontier, large size, unique Projective Capacitive Touch sensor accompanied with laser Ultra-Short-Throw projection technologies. This product delivers the easy-to-use, large size, interactive education/commercial products and takes a lead on the market. On the other hand, considering the user-friendly point of view, several techniques, such as rapid installation, automatic image adjustment for multi-projection installation to assure the pixel alignment and color consistency, application software, were developed to help the end-user to setup multiple projectors quickly and precisely. These technologies could achieve astonishing image effects with high-resolution, and could apply into large-screen for many professional scenarios in the commercial field, even in the irregular projection surfaces.

As for optical engine module in new application, with the co-work between the new-setup lens design team and leading LED engine technology, we introduce the compact, high efficient engine into game console industries including Japan and USA leading companies in this industry. These actions bring the projection module into new application area and which will take valuable budget contribution to projection business for this year.

Other than projection-related products, we also setup a new team to develop a compact, about mouse-size, high resolution spectrometer which utilize the TI DLP MEMS spectrum scanning techniques and have started the selling. Furthermore, with the 20-year experience in high power system development based on own projector requirement, we transfer this core capability into specific, high-growth industries which require the high performance digital PSU. With efforts, we have developed competitive PUS products and will deliver sales contribution in this year.

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 display and visual solutions 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 high-value added and energy saving advanced display system products. (3) Improving operation models, provide optimal design, production and after-sales services, and foster closer relationships with brand name customers, system integrators and LCD panel manufacturers. (4) Regarding to mainstream projection products, Coretronic is developing middle-end and high-end products continuously to optimize our competitiveness. As for LED products, we are pursuing not only the enhancement of lumen and the best efficiency of form factor, but also the enlargement of the applications scope of projection module in different industries. (5) By platform integration, system modularization and flexibility design, Coretronic optimizes supply chain efficiency and integrates projection ecosystem in order to enhance product competitiveness. (6) Based upon market trend, Coretronic increase software functions of multimedia and internet of the thing (IOT) and links with core technology capabilities of software developing and system integration in order 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, consumer product, and health care...etc.) (7) By utilizing cutting-edge information technology, it is to make an overall plan for Group's resources allocation and the assurance of information security systems, hence, to promote the integral efficiency of the organization. It is also to develop the information procedures and system application for business operation, as to rapidly provide synchronized management information platform. It is to plan cloud-infrastructure and mobility applications to expedite the expansion of Group's enterprise. (8) To meet corporate business needs, low-cost funding is arranged to sustain operation growth and long-term development strength. 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: 2015 General Annual Shareholders' Meeting of Coretronic Corporation

The Board of Directors of the Company has delivered the 2015 business report, the financial statements and the proposed 2015 earnings distribution. The aforesaid 2015 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 27, 2016

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, 2015 and 2014 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, 2015 and 2014. 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, 2015 and 2014, and the results of its operations and its cash flows for the years then ended December 31, 2015 and 2014, in conformity with requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 17, 2016
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, 2015 and 2014

(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2015	%	December 31, 2014	%
Current assets				
Cash and cash equivalents	\$1,472,107	4.12	\$1,833,048	5.37
Financial assets at fair value through profit or loss-current	11,750	0.03	158,646	0.47
Hedging derivative financial assets-current	22,691	0.06	64,779	0.19
Notes receivables, net	-	-	30	-
Accounts receivables, net	5,734,546	16.06	5,205,524	15.23
Accounts receivable-related parties, net	1,842,257	5.16	1,210,591	3.54
Other receivables	96,801	0.27	79,826	0.23
Other receivables-related parties	930,308	2.61	995,205	2.91
Inventories, net	1,458,259	4.08	1,449,820	4.25
Prepayments	142,368	0.40	106,891	0.31
Other current assets	33,543	0.09	51,773	0.15
Total current assets	<u>11,744,630</u>	<u>32.88</u>	<u>11,156,133</u>	<u>32.65</u>
Non-current assets				
Financial assets measured at cost-noncurrent	221	-	221	-
Investments accounted for using the equity method	22,509,230	63.01	21,543,098	63.04
Property, plant and equipment, net	1,308,578	3.66	1,375,385	4.02
Intangible assets	26,703	0.08	27,282	0.08
Deferred tax assets	107,464	0.30	45,109	0.13
Other assets-others	25,340	0.07	26,083	0.08
Total non-current assets	<u>23,977,536</u>	<u>67.12</u>	<u>23,017,178</u>	<u>67.35</u>
Total assets	<u>\$35,722,166</u>	<u>100.00</u>	<u>\$34,173,311</u>	<u>100.00</u>

(continued)

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2015 and 2014

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2015	%	December 31, 2014	%
Current liabilities				
Short-term debts	\$4,480,765	12.54	\$3,466,941	10.15
Financial liabilities at fair value through profit or loss-current	9,706	0.03	71,855	0.21
Hedging derivative financial liabilities-current	13,489	0.04	64,071	0.19
Notes payable	38	-	64	-
Accounts payable	2,614,650	7.32	2,758,032	8.07
Accounts payable-related parties	2,029,453	5.68	1,012,784	2.96
Other payables	1,663,470	4.66	1,798,750	5.26
Other payables-related parties	38,354	0.11	59,998	0.18
Current tax liabilities	355,612	1.00	392,617	1.15
Provision-current	436,572	1.22	376,846	1.10
Other current liabilities	326,050	0.91	367,182	1.07
Total current liabilities	<u>11,968,159</u>	<u>33.51</u>	<u>10,369,140</u>	<u>30.34</u>
Non-current liabilities				
Long-term loans	328,250	0.92	-	-
Deferred tax liabilities	7,909	0.02	10,034	0.03
Net defined benefit liabilities	139,199	0.39	212,457	0.62
Other liabilities-others	8,122	0.02	350	-
Total non-current liabilities	<u>483,480</u>	<u>1.35</u>	<u>222,841</u>	<u>0.65</u>
Total liabilities	<u>12,451,639</u>	<u>34.86</u>	<u>10,591,981</u>	<u>30.99</u>
Equity				
Share capital				
Common stock	5,430,289	15.20	5,430,289	15.89
Capital surplus	4,624,208	12.95	4,624,156	13.53
Retained earnings				
Legal reserve	3,010,522	8.43	2,726,410	7.98
Special reserve	1,290,820	3.61	1,290,820	3.78
Undistributed earnings	8,038,464	22.50	8,319,669	24.35
Total retained earnings	<u>12,339,806</u>	<u>34.54</u>	<u>12,336,899</u>	<u>36.11</u>
Other equity	876,224	2.45	1,189,986	3.48
Total equity	<u>23,270,527</u>	<u>65.14</u>	<u>23,581,330</u>	<u>69.01</u>
Total liabilities and equity	<u>\$35,722,166</u>	<u>100.00</u>	<u>\$34,173,311</u>	<u>100.00</u>

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2015 and 2014
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	2015	%	2014	%
Net sales	\$20,901,196	100.00	\$21,314,604	100.00
Operating costs	18,474,089	88.39	18,491,335	86.75
Gross profit	2,427,107	11.61	2,823,269	13.25
Unrealized intercompany profit	163,290	0.78	117,891	0.56
Realized intercompany profit	117,891	0.56	109,024	0.51
Gross profit, net	2,381,708	11.39	2,814,402	13.20
Operating expenses				
Selling expenses	238,104	1.14	248,576	1.17
Administrative expenses	1,004,982	4.81	989,674	4.64
Research and development expenses	1,187,510	5.68	1,025,974	4.81
Total operating expenses	2,430,596	11.63	2,264,224	10.62
Operating (loss) income	(48,888)	(0.24)	550,178	2.58
Non-operating income and expenses				
Other income	304,843	1.46	428,338	2.01
Other gains and losses	50,754	0.24	53,497	0.25
Finance costs	(57,237)	(0.27)	(68,053)	(0.32)
Share of profit of subsidiaries and associates accounted for using the equity method	1,798,480	8.60	2,231,537	10.47
Total non-operating income and expenses	2,096,840	10.03	2,645,319	12.41
Income before income tax	2,047,952	9.79	3,195,497	14.99
Income tax expense	(142,905)	(0.68)	(354,384)	(1.66)
Net income	1,905,047	9.11	2,841,113	13.33
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit pension plans	70,399	0.34	(73,380)	(0.35)
Share of remeasurements of defined benefit plans of associates and joint ventures	8,775	0.04	(6,668)	(0.03)
Income tax related to items that will not be reclassified	(11,968)	(0.06)	12,475	0.06
Items that may be reclassified subsequently to profit or loss				
Exchange differences resulting from translating the financial statements of foreign operations	(303,187)	(1.45)	1,008,935	4.73
Gain (loss) on effective portion of cash flow hedges	8,493	0.04	(31,429)	(0.15)
Share of other comprehensive (loss) income of associates and joint ventures	(17,624)	(0.08)	22,997	0.11
Income tax related to items that may be reclassified subsequently to profit or loss	(1,444)	(0.01)	5,343	0.03
Other comprehensive income, net of tax	(246,556)	(1.18)	938,273	4.40
Total comprehensive income	\$1,658,491	7.93	\$3,779,386	17.73
Basic Earnings Per Share (in New Taiwan Dollars)	\$ 3.51		\$ 4.46	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$ 3.42		\$ 4.40	

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2015 and 2014

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity			Total equity
			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, 2014	\$ 7,240,385	\$ 4,552,383	\$ 2,532,514	\$ 1,290,820	\$ 5,865,913	\$ 197,157	\$ (48,932)	\$ 35,915	\$21,666,155
Capital reduction	(1,810,096)	-	-	-	-	-	-	-	(1,810,096)
The subsidiary repurchased its own stock and accounted for it as treasury stock	-	-	-	-	(23,290)	-	-	-	(23,290)
Acquiring or disposing the shares of subsidiaries	-	71,773	-	-	-	-	-	-	71,773
Adjustments arising from changes in percentage of ownership in subsidiaries	-	-	-	-	(102,598)	-	-	-	(102,598)
Appropriation and distribution of 2013 earnings:									
Legal reserve	-	-	193,896	-	(193,896)	-	-	-	-
Profit for the year ended Dceember 31, 2014	-	-	-	-	2,841,113	-	-	-	2,841,113
Other comprehensive income for the year ended Dceember 31, 2014	-	-	-	-	(67,573)	1,008,935	32,063	(35,152)	938,273
Total comprehensive income	-	-	-	-	2,773,540	1,008,935	32,063	(35,152)	3,779,386
Balance as of Dceember 31, 2014	5,430,289	4,624,156	2,726,410	1,290,820	8,319,669	1,206,092	(16,869)	763	23,581,330
Acquiring or disposing the shares of subsidiaries	-	52	-	-	(68,745)	-	-	-	(68,693)
Appropriation and distribution of 2014 earnings:									
Legal reserve	-	-	284,112	-	(284,112)	-	-	-	-
Cash dividends	-	-	-	-	(1,900,601)	-	-	-	(1,900,601)
Profit for the year ended Dceember 31, 2015	-	-	-	-	1,905,047	-	-	-	1,905,047
Other comprehensive income for the year ended Dceember 31, 2015	-	-	-	-	67,206	(303,187)	(17,777)	7,202	(246,556)
Total comprehensive income	-	-	-	-	1,972,253	(303,187)	(17,777)	7,202	1,658,491
Balance as of Dceember 31, 2015	\$ 5,430,289	\$ 4,624,208	\$ 3,010,522	\$ 1,290,820	\$ 8,038,464	\$ 902,905	\$ (34,646)	\$ 7,965	\$ 23,270,527

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

(Amounts in thousands of New Taiwan Dollars)

Description	2015	2014	Description	2015	2014
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$2,047,952	\$3,195,497	Acquisition of investments accounted for using the equity method	(67)	(114,977)
Adjustments for:			Proceeds from disposal of investments accounted for under the equity method	-	10,084
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(80,062)	(74,546)
Bad debt reversal	(4,165)	(2,765)	Proceeds from disposal of property, plant and equipment	1,552	6,063
Depreciation	121,564	158,322	Acquisition of intangible assets	(14,096)	(8,031)
Amortization	11,521	8,311	Decrease (increase) in other assests-others	569	(238)
Net gain on financial assets and liabilities at fair value through profit or loss	84,747	(34,350)	Net used in investing activities	<u>(92,104)</u>	<u>(181,645)</u>
Interest expenses	57,237	68,053			
Interest income	(13,371)	(24,921)	Cash flows from financing activities :		
Share of profit of associates accounted for using the equity method	(1,798,480)	(2,231,537)	Increase (decrease) in short-term debts	1,013,824	(1,172,207)
Gain on disposal of property, plant and equipment	(1,519)	-	Increase (decrease) in long-term bank loans	328,250	(161,841)
Impairment loss on non-financial assets	8,275	-	(Decrease) increase in other liabilities-others	(9)	76
Unrealized gross profit	163,290	117,891	Capital reduction	-	(1,810,096)
Realized gross profit	(117,891)	(109,024)	Cash dividends	<u>(1,900,601)</u>	<u>-</u>
Changes in operating assets and liabilities:			Net cash used in financing activities	<u>(558,536)</u>	<u>(3,144,068)</u>
Notes receivables	30	3,682	Net decrease in cash and cash equivalents	<u>(360,941)</u>	<u>(2,225,062)</u>
Accounts receivables	(524,857)	65,667	Cash and cash equivalents at the beginning of the period	<u>1,833,048</u>	<u>4,058,110</u>
Accounts receivables-related parties	(631,666)	680,350	Cash and cash equivalents at the end of the period	<u>\$1,472,107</u>	<u>\$1,833,048</u>
Other receivables	(17,107)	(1,334)			
Other receivables-related parties	64,897	(288,408)			
Inventories	(8,439)	167,620			
Prepayments	(38,041)	(55,337)			
Other current assets	18,230	(24,289)			
Notes payable	(26)	(22)			
Accounts payables	(143,382)	(505,210)			
Accounts payables-related parties	1,016,669	(927,020)			
Other payables	(113,422)	290,130			
Other payables-related parties	(21,644)	(25,480)			
Provision-current	59,726	(90,920)			
Other current liabilities	(41,132)	60,705			
Net defined benefit liabilities	(2,859)	8,571			
Cash generated from operating activities	<u>176,137</u>	<u>504,182</u>			
Interest received	13,503	25,586			
Dividend received	414,068	658,416			
Interest paid	(56,206)	(69,229)			
Income tax paid	(257,803)	(18,304)			
Net cash provided by operating activities	<u>289,699</u>	<u>1,100,651</u>			

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, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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, 2015 and 2014, and the results of its operations and its cash flows for the years then ended December 31, 2015 and 2014, 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, 2015 and 2014 for the years then ended. We have expressed an unqualified opinion on those separate financial statements.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 17, 2016
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, 2015 and 2014
(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2015	%	December 31, 2014	%
Current assets				
Cash and cash equivalents	\$ 15,444,750	28.68	\$ 17,066,616	30.67
Financial assets at fair value through profit or loss-current	36,165	0.07	280,157	0.50
Hedging derivative financial assets-current	29,374	0.05	84,455	0.15
Note receivables, net	114,638	0.21	260,244	0.47
Accounts receivables, net	19,746,222	36.67	19,406,511	34.87
Accounts receivables-related parties, net	6,201	0.01	34,667	0.06
Other receivables	274,126	0.51	249,579	0.45
Current tax assets	3,596	0.01	12,369	0.02
Inventories, net	7,078,454	13.15	6,624,575	11.90
Prepayments	649,233	1.21	580,795	1.05
Other current assets	168,865	0.31	173,475	0.31
Total current assets	<u>43,551,624</u>	<u>80.88</u>	<u>44,773,443</u>	<u>80.45</u>
Non-current assets				
Available-for-sale financial assets-noncurrent	55,429	0.10	84,264	0.15
Financial assets measured at cost-noncurrent	329,361	0.61	400,755	0.72
Property, plant and equipment, net	8,888,079	16.51	9,491,032	17.05
Investment property, net	200,616	0.37	208,669	0.37
Intangible assets	131,426	0.24	98,258	0.18
Deferred tax assets	239,440	0.45	188,041	0.34
Other assets-others	452,442	0.84	409,589	0.74
Total non-current assets	<u>10,296,793</u>	<u>19.12</u>	<u>10,880,608</u>	<u>19.55</u>
Total assets	<u>\$ 53,848,417</u>	<u>100.00</u>	<u>\$ 55,654,051</u>	<u>100.00</u>

(continued)

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2015 and 2014
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2015	%	December 31, 2014	%
Current liabilities				
Short-term debts	\$ 5,307,590	9.86	\$ 5,064,609	9.10
Financial liabilities at fair value through profit or loss-current	33,898	0.06	135,900	0.24
Hedging derivative financial liabilities-current	19,061	0.04	83,499	0.15
Notes payable	4,901	0.01	4,520	0.01
Accounts payable	14,896,627	27.66	16,040,892	28.82
Accounts payables-related parties	25,524	0.05	99,303	0.18
Other payables	4,602,955	8.55	5,046,462	9.07
Current tax liabilities	1,089,663	2.02	1,067,584	1.92
Provision-current	867,632	1.61	794,050	1.43
Other current liabilities	735,266	1.36	884,661	1.59
Total current liabilities	<u>27,583,117</u>	<u>51.22</u>	<u>29,221,480</u>	<u>52.51</u>
Non-current liabilities				
Long-term loans	328,250	0.61	-	-
Deferred tax liabilities	52,580	0.10	87,108	0.16
Net defined benefit liabilities-noncurrent	195,269	0.36	291,070	0.52
Other liabilities-others	27,189	0.05	31,040	0.05
Total non-current liabilities	<u>603,288</u>	<u>1.12</u>	<u>409,218</u>	<u>0.73</u>
Total liabilities	<u>28,186,405</u>	<u>52.34</u>	<u>29,630,698</u>	<u>53.24</u>
Equity attributable to owners of the parent				
Share capital				
Common stock	5,430,289	10.08	5,430,289	9.75
Capital surplus	4,624,208	8.59	4,624,156	8.31
Retained earnings				
Legal reserve	3,010,522	5.59	2,726,410	4.90
Special reserve	1,290,820	2.40	1,290,820	2.32
Undistributed earnings	8,038,464	14.93	8,319,669	14.95
Total retained earnings	<u>12,339,806</u>	<u>22.92</u>	<u>12,336,899</u>	<u>22.17</u>
Other equity	876,224	1.63	1,189,986	2.14
Non-controlling interests	2,391,485	4.44	2,442,023	4.39
Total equity	<u>25,662,012</u>	<u>47.66</u>	<u>26,023,353</u>	<u>46.76</u>
Total liabilities and equity	<u>\$ 53,848,417</u>	<u>100.00</u>	<u>\$ 55,654,051</u>	<u>100.00</u>

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2015 and 2014
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	2015	%	2014	%
Net sales	\$ 68,160,042	100.00	\$ 81,177,987	100.00
Operating costs	58,776,487	86.23	69,877,250	86.08
Gross profit	9,383,555	13.77	11,300,737	13.92
Operating expenses				
Selling expenses	1,742,984	2.56	2,211,844	2.73
Administrative expenses	2,627,827	3.85	2,787,508	3.43
Research and development expenses	2,997,092	4.40	2,897,708	3.57
Total operating expenses	7,367,903	10.81	7,897,060	9.73
Operating income	2,015,652	2.96	3,403,677	4.19
Non-operating income and expenses				
Other income	729,451	1.07	633,261	0.78
Other gains and losses	103,069	0.15	101,690	0.13
Finance costs	(150,711)	(0.22)	(159,895)	(0.20)
Total non-operating income and expenses	681,809	1.00	575,056	0.71
Income before income tax	2,697,461	3.96	3,978,733	4.90
Income tax expense	(742,252)	(1.09)	(974,169)	(1.20)
Net income	1,955,209	2.87	3,004,564	3.70
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit pension plans	87,264	0.13	(84,081)	(0.10)
Income tax related to items that will not be reclassified	(14,835)	(0.02)	14,295	0.02
Items that may be reclassified subsequently to profit or loss				
Exchange differences resulting from translating the financial statements of foreign operations	(318,467)	(0.47)	1,103,191	1.36
Unrealized gains from available-for-sale financial assets	(17,777)	(0.03)	32,063	0.04
Gain (loss) on effective portion of cash flow hedges	8,646	0.01	(40,495)	(0.05)
Income tax related to items that may be reclassified subsequently to profit or loss	(1,444)	-	5,343	-
Other comprehensive income, net of tax	(256,613)	(0.38)	1,030,316	1.27
Total comprehensive income	<u>\$ 1,698,596</u>	<u>2.49</u>	<u>\$ 4,034,880</u>	<u>4.97</u>
Net income for the periods attributable to :				
Owners of the parent	<u>\$ 1,905,047</u>		<u>\$ 2,841,113</u>	
Non-controlling interests	<u>\$ 50,162</u>		<u>\$ 163,451</u>	
Total comprehensive income for the periods attributable to :				
Owners of the parent	<u>\$ 1,658,491</u>		<u>\$ 3,779,386</u>	
Non-controlling interests	<u>\$ 40,105</u>		<u>\$ 255,494</u>	
Basic Earnings Per Share (in New Taiwan Dollars)	<u>\$ 3.51</u>		<u>\$ 4.46</u>	
Diluted Earnings Per Share (in New Taiwan Dollars)	<u>\$ 3.42</u>		<u>\$ 4.40</u>	

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, 2015 and 2014

(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			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, 2014	\$ 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
Capital reduction	(1,810,096)	-	-	-	-	-	-	-	(1,810,096)	-	(1,810,096)
The subsidiary repurchased its own stock and accounted for it as treasury stock	-	-	-	-	(23,290)	-	-	-	(23,290)	(16,931)	(40,221)
Acquiring or disposing the shares of subsidiaries	-	71,773	-	-	-	-	-	-	71,773	-	71,773
Adjustments arising from changes in percentage of ownership in subsidiaries	-	-	-	-	(102,598)	-	-	-	(102,598)	(348,827)	(451,425)
Appropriation and distribution of 2013 earnings:											
Legal reserve	-	-	193,896	-	(193,896)	-	-	-	-	-	-
Profit for the year ended December 31, 2014	-	-	-	-	2,841,113	-	-	-	2,841,113	163,451	3,004,564
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	(67,573)	1,008,935	32,063	(35,152)	938,273	92,043	1,030,316
Total comprehensive income	-	-	-	-	2,773,540	1,008,935	32,063	(35,152)	3,779,386	255,494	4,034,880
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(315,844)	(315,844)
Balance as of December 31, 2014	5,430,289	4,624,156	2,726,410	1,290,820	8,319,669	1,206,092	- 16,869	763	23,581,330	2,442,023	26,023,353
Acquiring or disposing the shares of subsidiaries	-	52	-	-	(68,745)	-	-	-	(68,693)	(359)	(69,052)
Appropriation and distribution of 2014 earnings:											
Legal reserve	-	-	284,112	-	(284,112)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,900,601)	-	-	-	(1,900,601)	-	(1,900,601)
Profit for the year ended December 31, 2015	-	-	-	-	1,905,047	-	-	-	1,905,047	50,162	1,955,209
Other comprehensive income for the year ended December 31, 2015	-	-	-	-	67,206	(303,187)	(17,777)	7,202	(246,556)	(10,057)	(256,613)
Total comprehensive income	-	-	-	-	1,972,253	(303,187)	(17,777)	7,202	1,658,491	40,105	1,698,596
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(90,284)	(90,284)
Balance as of December 31, 2015	\$ 5,430,289	\$ 4,624,208	\$ 3,010,522	\$ 1,290,820	\$ 8,038,464	\$ 902,905	\$ (34,646)	\$ 7,965	\$ 23,270,527	\$ 2,391,485	\$ 25,662,012

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2015 and 2014
(Amounts in thousands of New Taiwan Dollars)

Description	2015	2014	Description	2015	2014
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$ 2,697,461	\$ 3,978,733	Acquisition of financial assets at cost	(2,720)	-
Adjustments for:			Acquisition of subsidiaries (net of cash acquires)	(69,052)	(217,329)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of financial assets and liabilities at fair value through profit or loss	-	134,524
Bad debt expense	8,874	6,089	Proceeds from disposal of available-for-sale financial assets	10,048	1,581
Depreciation (including investment property)	1,489,870	1,430,730	Acquisition of property, plant and equipment	(1,082,345)	(1,221,335)
Amortization (including other assets-others)	51,404	57,048	Proceeds from disposal of property, plant and equipment	86,911	195,058
Interest expenses	150,711	159,895	Acquisition of intangible assets	(81,212)	(76,311)
Interest income	(345,263)	(269,022)	Increase in other assets-others	(106,768)	(72,726)
Dividend income	(24,637)	(21,300)	Change of subsidiary's consolidated entities - derecognition of subsidiary	-	(121,148)
Transfer of property, plant and equipment to expense	723	27,029	Net cash used in investing activities	(1,245,138)	(1,377,686)
(Gain) loss on disposal of property, plant and equipment	(811)	10,358			
Proceeds from disposal of intangible assets	33	166			
Intangible assets transferred to expense	2,792	-			
Loss (gain) on disposal of investments	1,011	(24,541)			
Gain from bargain purchase	-	(8,798)			
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	141,990	5,243	Cash flows from financing activities :		
Impairment of non-financial assets	116,204	3,789	Increase (decrease) in short-term debts	242,981	(2,561,364)
Changes in operating assets and liabilities:			Increase (decrease) in long-term bank loans	328,250	(174,916)
Notes receivables	145,606	115,943	Decrease in other liabilities-others	(3,851)	(6,589)
Accounts receivables	(341,125)	1,857,114	Capital reduction	-	(1,810,096)
Accounts receivables-related parties	28,466	(18,773)	Cash dividends	(1,900,601)	-
Other receivables	(36,814)	30,358	Decrease in non-controlling interests	(90,284)	(114,685)
Other receivables-related parties	-	(35,937)	Treasury stock repurchase cost of subsidiary	-	(40,221)
Inventories	(447,159)	771,707	Net cash used in financing activities	(1,423,505)	(4,707,871)
Prepayments	(71,002)	(237,836)	Effect of exchange rate changes on cash and cash equivalents	(193,281)	798,729
Other current assets	4,617	166,226	Net (decrease) increase in cash and cash equivalents	(1,621,866)	568,013
Notes payables	381	(323)	Cash and cash equivalents at the beginning of the period	17,066,616	16,498,603
Accounts payables	(1,144,265)	(2,261,466)	Cash and cash equivalents at the end of the period	\$ 15,444,750	\$ 17,066,616
Accounts payables-related parties	(73,779)	64,978			
Other payables	(488,244)	726,242			
Other payables-related parties	-	(120,290)			
Provision-current	73,582	(31,787)			
Other current liabilities	(149,395)	115,414			
Net defined benefit liabilities	(28,595)	(12,084)			
Cash generated from operating activities	1,792,636	6,484,905			
Dividend received	24,637	21,300			
Interest received	357,530	262,163			
Interest paid	(135,974)	(155,593)			
Income tax paid	(798,771)	(757,934)			
Net cash provided by operating activities	1,240,058	5,854,841			

Coretronic Corporation
2015's Earnings Distribution Table

Unit : NTD

Item	Amount	
	Subtotal Total	Total
Beginning of Unappropriated Earnings		6,134,956,554
Minus: Acquiring or disposing the shares of subsidiaries from changes in percentage of Undistributed earnings	68,745,523	
Plus: Defined benefit plans measure number	67,206,212	
Cumulative of Unappropriated Earnings		6,133,417,443
2015's Unappropriated Earnings	1,905,046,775	
Minus: Appropriated For Legal Reserve	190,504,678	
2015's Earnings Available For Distribution		1,714,542,097
Earnings Available For Distribution (Cumulative)		7,847,959,540
Cash Dividends To Shareholders (NTD1.5/per share)		814,543,332
End of Unappropriated Earnings		7,033,416,208
<p>Note 1 : According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed as per the year that the earnings were gained. Coretronic adopts last in first out method when distributing earnings, which is to say, first distribute earnings from the most current year and then the previous year's when not sufficient.</p> <p>Note 2 : Cash dividend distribution ratio is calculated on the basis of whole NT dollar, rounded down to whole NT dollar, for total fractional dollars less than whole NT dollar, arrogant by decimal digit to low and account number from the front to rear adjustment order to meet the total cash dividend.</p>		

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

List of Director Candidates

Candidates category	Name	Education	Current/Selected Past Positions	Shareholding
Director	Mr. Wade Chang	Master of NTU-Fudan EMBA , National Taiwan University	Chairman&CEO, Coretronic Corporation	10,651,829 shares
	Hsun Chieh Investment Ltd.	-	Director, Coretronic Corporation	18,828,189 shares
	Ms. Sarah Lin	BS in International Business, National Cheng Chi University	President, Young Lighting Technology, Inc.	1,012,500 shares
	Mr. S. Y. Chen	BS in Computer Engineering, National Chiao Tung University	President, Optoma Corp.	1,004,316 shares
Independent Director	Mr. Ted Tu	MS in MBA, University of Houston	Chairman & President, LAFA LifeTech, Inc.	0 share
	Mr. Chual-Hsin Teng	Master of Business Administration, National Taiwan University	Chairman & President , Thin Chang Co., Ltd	0 share
	Mr. Houn-Gee Chen	Ph.D. in Industrial Engineering, and Master in Computer Science, University of Wisconsin–Madison	Professor of Business Administration Dept., National Taiwan University	0 share

List of competition restrictions on Directors proposed to be released

Position	Name	Released restriction
Director	Mr. Wade Chang	Director of Optoma Corp. and Young Green Energy Corp.
	Hsun Chieh Investment Ltd.	Director of Harvatek Corp. 、 United Microelectronics Corp. 、 Pixart Imaging Inc. and Macroblock, Inc. Supervisor of Unimicron Technology Corp.
	Ms. Sarah Lin	Director of YLG Optotech Limited
	Mr. S. Y. Chen	Director of Optoma Technology, Inc. 、 Optoma Europe Limited 、 Optoma Deutschland GmbH 、 Optoma Benelux B.V. 、 Optoma Espana, S.L. 、 Optoma Corp. and Young Green Energy Corp. President of Young Green Energy Corp.
Independent Director	Mr. Ted Tu	Chairman and Director of Lafa LifeTech Corp. Independent Director of Sitronix Technology Co., and SCI Pharmtech, Inc.
	Mr. Chual-Hsin Teng	Chairman and Director of Thin Chang Corp.
	Mr. Houn-Gee Chen	Independent Director of ZHENG YANG Biomedical Technology Corp.

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 :

- 一、CC01110 Computers and Computing Peripheral Equipments Manufacturing
- 二、CC01080 Electronic Parts and Components Manufacturing
- 三、CE01030 Photographic and Optical Equipment Manufacturing
- 四、F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
- 五、CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)
- 六、CC01990 Batteries Manufacturing (can only be manufactured outside Hsinchu Science Park)
- 七、Research, develop, produce, manufacture and sale the following optical products :
 - (一) Various LCDs, projections and the backlight modules
 - (二) Multimedia presentation system equipments and software
 - (三) Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors
 - (四) All kinds of consigned design and develop and consulting services regarding above products
 - (五) Import and export trading business related to the above businesses (except the businesses requiring permit)
- 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)
- 九、Design, manufacturing and sales of the power supply, electronic car and fuel cell related products and its Components

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: A shareholder of the Company shall be entitled to one vote for each share held except the shares provided by laws.

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 appoint proxies to attend the shareholder meeting published by the Company. 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, Audit Committee 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 directors shall adopt the candidate nomination measure and elected by shareholders' meeting from previous candidates. 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 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 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 or reserve certain surplus in accordance with applicable laws. The Company shall be distributed in accordance with the following order:

- (1) Employee bonuses between ten percent to twenty percent
- (2) The remainder shall include the retained profits from previous years, and the BOD should propose the dividends distribution and determined by shareholders' meeting.

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; 19th amended on June 17, 2014; The 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 preceded in accordance with Company Law.
 - 4.7 If a shareholders' meeting is called by someone other than the board of directors who has the right to call the meeting, the said person shall chair the meeting. If more than one person has the right to call the meeting, one shall be elected to chair the meeting.
5. Reference: Rules Governing the Conduct of Shareholders' Meetings by Public Companies
6. Procedures:
 - 6.1 Shareholders (or agent) attending the shareholders' meeting shall sign-in. The sign-in procedure is performed by submitting the attendance card. The attendance card shall be worn to attend the shareholders' meeting. The number of shares represented by attending shareholders shall be calculated in accordance with the attendance card submitted by shareholders and those submitted by e-voting shares.

- 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 except the shares provided by

laws.

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

Coretronic Corporation

The Procedures for the Election of Directors

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

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

Status of all Directors' Shareholding

1. Total shares issued as of April 17, 2016 are 543,028,888.
2. As of April 17, 2016, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Mr. Wade Chang	10,651,829	1.96%
Director	Hsun Chieh Investment Ltd.	18,828,189	3.47%
Director	Ms. Sarah Lin	1,012,500	0.19%
Director	Mr. S. Y. Chen	1,004,316	0.18%
Independent Director	Mr. Ted Tu	0	0.00%
Independent Director	Mr. Chual-Hsin Teng	0	0.00%
Independent Director	Mr. Houn-Gee Chen	0	0.00%
Number of shares held by all directors		31,496,834	5.80%

3. According to legal rules the minimum number of shares that may be held by all directors is 17,376,925 shares.