

Stock Code 5371
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**Coretronic Corporation**

**Handbook for the 2015  
Annual General Shareholders' Meeting**

**Meeting Time: June 10, 2015**

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

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**Coretronic Corporation**  
**2015 Annual General Shareholders' Meeting Procedure**

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

**Coretronic Corporation**  
**2015 Annual General Shareholders' Meeting Agenda**

Time : 9:00 a.m., June 10 (Tuesday), 2015

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. Report Items

1. 2014 Annual Business Report.
2. Audit Committee's Report.
3. The Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles Report.

IV. Ratification Items

1. Ratification of 2014 Annual Business Report and financial statements.
2. Ratification of the proposal for the distribution of 2014 earnings.

V. Discussion Items

1. Proposal of cash injection by issuance of new common shares or overseas depositary receipts.

VI. Motions

VII. Adjournment

## **Report Items**

### **1. 2014 Annual Business Report**

Description: 2014 Annual Business Report is attached as Attachment 1.

### **2. Audit Committee's Report**

Description: The Audit Committee's Report on 2014 Financial Statements is attached as Attachment 2.

### **3. The Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles Report.**

Description: The Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles Report are attached as Attachment 3 and Attachment 4.

## **Ratification Items**

### **1. Ratification of 2014 Business Report and Financial Statements. (Proposed by the Board of Directors)**

Description:

- (1) The 2014 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 5 for 2014 Business Report and financial statements.
- (3) Please resolve.

Resolution:

### **2. Ratification of the Proposal for the Distribution of 2014 Earnings. (Proposed by the Board of Directors)**

Description:

- (1) The 2014 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.
- (2) Record date for paying cash dividend: Upon the approval of the shareholders' meeting, it is proposed to authorize the chairman of BOD to determine the ex-dividend date.
- (3) 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:

Coretronic Corporation  
2014's Earnings Distribution Table

Unit : NTD

Item	Amount	
	Subtotal Total	Total
Beginning of Unappropriated Earnings		5,672,016,517
Minus: The subsidiary repurchased its own stock and accounted for it as treasury stock	23,290,808	
Minus: Adjustments arising from changes in percentage of ownership in subsidiaries	102,597,899	
Minus: Defined Benefit Plans Actuarial losses	67,571,884	
Cumulative of Unappropriated Earnings		5,478,555,926
2014's Unappropriated Earnings	2,841,113,040	
Minus: Appropriated For Legal Reserve	284,111,304	
2014's Earnings Available For Distribution		2,557,001,736
Earnings Available For Distribution (Cumulative)		8,035,557,662
Cash Dividends To Shareholders (NTD3.5/per share)		1,900,601,108
End of Unappropriated Earnings		6,134,956,554
<p>Note 1 : According to the ruling issued by MOF on April 30, 1998 (Ref. 871941343), when distributing earnings it should be taxed as per the year that the earnings were gained. Coretronic adopts last in first out method when distributing earnings, which is to say, first distribute earnings from the most current year and then the previous year's when not sufficient.</p> <p>Note 2 : It is proposed to distribute NTD 383,550,260 for employee cash bonus, NTD 0 for directors' remunerations.</p> <p>Note 3 : 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

## Discussion Items

### 1. Proposal of Cash Injection By Issuance of New Common Shares or Overseas Depositary Receipts. (Proposed by the Board of Directors)

(1) To support the Company's funding needs for future operation, it is proposed that the shareholders' meeting to authorize the Board of Directors to issue new common shares or overseas depositary receipts in due course to the extent of NTD 3.5 billion or 70 million shares (collectively and/or individually offerings).

(2) The principals of fund raising

① Cash capital increase by issuance of new shares

A. If the Company issues new common shares for cash capital increase, the shares have par values of NTD 10 and issue at a premium. In addition, 15% shall be set aside for subscription by employees as per Article 267 of the Company Act.

B. In accordance with Article 28-1 of the Securities and Exchange Act, the remaining should be offered in public through public subscription or book building. With respect to the shares not yet subscribed during the specified period, it is proposed to the shareholders' meeting to authorize the Chairman to allocate at the Price. The percentage of public offers shall be as follows:

a. Public Subscription approach : 15% of the total issued new shares shall be retained for employees' options and 10% thereof for public offer, and the remaining 75% for the original shareholders' subscription based on the shareholding ratios held by the shareholders on the record date of subscription.

b. Book Building approach : 15% of the total issued new shares will be retained for employees' options and the remaining 85% will be contributed under the book-building method and offered publicly pursuant to Article 28-1 of the Securities and Exchange Act. The issue price shall be decided by the regulations and market conditions. For the determination of offering price after book building process, it is proposed that the shareholders' meeting authorizes the Chairman to negotiate with the underwriter to have actual price determined and submit the proposal to the Securities and Futures Bureau, Financial Supervisory Commission Executive Yuan for approval.

② Issuance of overseas depositary receipts through cash capital increase

A. Upon participating in issuing overseas depositary receipts through cash increment by common stocks, 15% of the total issued new shares will be retained for employees' options pursuant to Article 267 of the Company Law. The remaining 85% will be contributed and offered publicly by the shareholders' meeting pursuant to Article 28-1 of the Securities and Exchange Act, which serve to be the securities of the overseas depositary receipts as issued. The Chairman of the Board is authorized to contact specific persons to subscribe for the stocks which employees waive the right to subscribe for or do not subscribe for, or to include such stocks into the securities of the overseas Depositary Receipts.

B. The price of the above overseas depositary receipts will be set in accordance with the “Self Discipline Rules of the Chinese Securities Association Governing Securities Underwriters for Offering and Issuance of Securities by Securities Issuers”. It is hereby proposed to authorize the Chairman to negotiate with the underwriters and determine the price of the overseas depositary receipts taking into consideration of capital market conditions. The basis of the above price setting arrangement is reasonable.

③ The impact of the original shareholders' equity

The Company would issue overseas depositary receipts through cash capital increase to the extent of NTD 3.5 billion or 70 million shares. For the rights of original shareholders, if calculated by the raising amount with par value of NTD 10, the issuance of new shares will have the maximum dilution rate at 64.45%; if calculated by the limited shares, the issuance of new shares will have the maximum dilution rate at 12.89%. However, after the capital increase produces positive effects, the Company's competitiveness is expected to be enhanced. In addition, as the overseas depositary receipts' issue price is decided based on the fair market price of the company's common stock, the issuance should have no major negative impacts on shareholders' rights and interests.

(3) It is proposed to authorize the Board of Directors to determine the issuance details of new shares or overseas depositary receipts, included but not limited to the issuance amount, the number of shares, the offering plan, the underwriter approach, the projected items, the time line for the use of proceeds, the projected results and so on in due course. It is also proposed to authorize the Board of Directors with full rights to amend necessary adjustments required by the law or the authority.

(4) Please resolve.

Resolution:

**Motions**

**Adjournment**



## Coretronic Corporation

### 2014 Business Report

For the fiscal year of 2014, Coretronic reported consolidated sales revenue of NT\$81,178 million and operating income of NT\$3,404 million with a net income of NT\$3,005 million. Net income attributable to equity holders of the parent company was NT\$2,841 million with the basic EPS of NT\$5.23 calculated on the basis of Dec. 31, 2014 outstanding shares.

Sales breakdowns by product lines in 2014 as below: (Consolidated)

Product	2014	2013	Diff.
LCD Backlight (pc)	92,950,809	77,696,844	20%
Projector (unit)	1,162,793	1,008,863	15%

In the year of 2014, we had continued to research the variety of BLU technologies, such as injection, screen printing, inkjet printing, and hot rolling stamping, to meet the market trend of supper thin, touch, 3D, high resolution and energy saving 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 international brand NB companies. Furthermore, taking advantage of the unique Inkjet and screen printing LGP technology, we realized the 0.7mm~2mm thickness side-emitted LGP for 40~80" TV BLU module that be used for high-end 4K2K TV product. Besides, we developed thinnest OD (Optical Distance) 10mm direct type BLU module that potential be used in Monitor and TV of different size. At the same time, to fulfill the economic TV market, an innovative LGP-less side emitted with OD only 15mm 32" BLU model had also been developed. Generally speaking, our BLU development strategy covers all of the size segments and all display applications.

Regarding projection products, corporate and educational users are still the main application areas for projector market. Coretronic regards enhanced features and user-friendly environment as two pivotal development directions. Hence, a series of new-generation, light-weight and high-lumen solid state light source digital projectors and interactive ultra-short-throw projectors were developed and introduced to the market in succession.

In terms of SSI projection technology, a series of high-lumen/light weight pure LED light projectors were developed. These projectors have the brightness from 250 lumens up to 1500 lumens with the unique light management and heat treatment technologies utilized. In other words, the high-tech Laser source projectors which apply the exclusive laser illumination design and extinguished cooling technologies enable Coretronic to the leading position of the laser projection technology in industry. Besides, laser projector models developed with brightness from 5000 lumens up to 10,000 lumens achieve many outstanding features, such as long life, high color rendering, and low noise. Furthermore, by applying the super-thin optical design knowhow, Coretronic achieve to manufacture the thinnest ultra-short-throw laser projector around market. Additionally, a large interactive touch technology was developed and could be applied in accompany with Ultra-Short-Throw SSI projector to empower the 150-inch interactive projection platform, which could be used in education, conference, exhibition and some other specialized markets. 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.

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 model, 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) 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) 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 2014 business report, the financial statements and the proposed 2014 earnings distribution. The aforesaid 2014 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 28, 2015

**Coretronic Corporation**  
**Codes of Ethical Conduct**

1. Purpose of and basis for adoption :

To enable the directors and managers of the Company complies with the act of integrity and moral standards, and the exact implementation of the faithful duty of care and responsibility, according to 「 Guidelines for the Adoption of Codes of Ethical Conduct by TWSE/GTSM Listed Companies 」 to set the codes. The codes apply to all directors and managers.

2. All directors or managers of integrity and ethical behavior should follow the matter :

2.1 Prevention of conflicts of interest:

All directors or managers should be based on objective and efficient to deal with the affairs of the Company, and not by its position in the company takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship.

The Company loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which directors or managers. The Company shall establish a policy aimed at preventing conflicts of interest, and shall offer appropriate means for directors and managers to voluntarily explain whether there is any potential conflict between them and the Company.

2.2 Minimizing incentives to pursue personal gain:

The Company shall prevent its directors or managers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company. Not including aforementioned directors by the shareholders' meeting will agree to lift the non-competition.

2.3 Confidentiality:

All directors or managers informed of information as to the position of the Company during the public except by authorized or required by law, should bear the obligation of confidentiality.

Foregoing information refers to the non-public financial, business, payroll, personnel information and other internal documents of the Company and its affiliates.

2.4 Fair trade:

All directors or managers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important

matters, or through other unfair trading practices.

#### 2.5 Safeguarding and proper use of company assets:

All directors or managers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; in order to avoid affecting the company's profitability.

#### 2.6 Legal compliance:

All directors or managers shall strengthen its compliance with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

#### 2.7 Encouraging reporting on illegal or unethical activities:

The Company shall raise awareness of ethics internally and encourage employees to report to the internal audit director, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct.

The Company will use its best efforts to ensure the safety of informants and protect them from reprisals.

#### 2.8 Disciplinary measures:

When a director or managerial officer violates the code of ethical conduct, the Company shall handle the matter in accordance with the disciplinary measures prescribed in the code, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. It is advisable that the Company establish a relevant complaint system to provide the violator with remedies.

#### 3. Procedures for exemption :

All directors or managers who has special reasons must require that any exemption for directors or managers from compliance with the code be adopted by a resolution of Board of Directors, and that information of the date on which Board of Directors adopted the resolution for exemption, objections or reservations of Independent Directors , and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS.

#### 4. Method of disclosure :

Codes of ethical conduct of directors and managers shall disclose it has adopted, and any amendments to it, in its website 、 annual reports 、 prospectuses and on the MOPS.

#### 5. Enforcement :

Codes of ethical conduct of directors and managers, and any amendments to it, shall enter into force after it has been adopted by Audit Committee Charter and Board of Directors, and submitted to a shareholders meeting.

**Coretronic Corporation**

**Ethical Corporate Management Best Practice Principles**

- Article1 : To foster a corporate culture of ethical management and sound development for establishing good commercial practices, according to 「 Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies 」 promulgate the Code. The adopt scope of the Code is the Company and its subsidiaries.
- Article2 : When engaging in commercial activities, directors, managers, employees,mandataries of the Company shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.
- Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other interested parties.
- Article3 : "Benefits" in the Principles means any valuable things, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.
- Article4 : The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM-listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.
- Article5 : The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.
- Article6 : The Company is advised to establish their own ethical corporate management principle , specific practices clearly and exhaustively to forestall unethical conduct ("prevention program"), including operational procedures, guidelines, and training.
- When establishing the prevention program, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.
- Article7 : When establishing the prevention program, the Company shall analyze which business

activities within their business scope which may be at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention program established by the Company shall at least include preventive measures as the following matters:

1. Offering and acceptance of bribes.
2. Illegal political donations.
3. Improper charitable donations or sponsorship.
4. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
5. Against trade secrets, trademarks, patents, copyrights and other intellectual property rights.
6. Engaged in acts of unfair competition.
7. Products and services at the time of development, procurement, manufacturing, offer or sell directly or indirectly harm the interests of consumers or other interested parties right 、 health and safety.

Article8 : The Company and subsidiaries shall clearly specify ethical corporate management policies in their rules and external documents and the board of directors and the management level shall undertake to rigorously and thoroughly enforce such policies commitment for internal management and external commercial activities.

Article9 : The Company shall maintain ethical corporate management principle and in a fair and transparent way of commercial activities.

Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties. It is advisable not to have any dealings with their agents, suppliers, clients or other trading counterparties who have any records of unethical conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of engaging in unethical conduct, the Company may terminate or cancel the contracts.

Article10 : When conducting business, the Company and their directors or managers, employees and mandataries, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits in other ways to their clients, agents, contractors, suppliers, public servants, or other interested parties.

Article11 : When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and their directors,

managers, employees and mandataries, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article12 : When making or offering donations and sponsorship, the Company and their directors,managers, employees and mandataries shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article13 : The Company and their directors,managers, employees and mandataries shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article14 : The Company and their directors,managers, employees and mandataries shall comply with intellectual property-related laws and regulations, internal operating procedures and contractual provisions; without the consent of the owner of intellectual property rights, shall not be used, leaks, disposal, damage or other acts of infringement of intellectual property rights.

Article15 : The Company shall engage in business activities in accordance with the relevant competition rules, not a fixed price, bid rigging, limit production and quotas, or to allocate customers, suppliers, operational area or business types, etc., to share or divide markets.

Article16 : The Company and their directors, managers, employees and mandataries on the development of products and services ,procurement, manufacturing, supply or sales process should follow the relevant laws and international norms, products and services of information to ensure transparency and safety, develop and disclose their interests or other interested consumer protection policies, and the implementation of operational activities in order to prevent the products or services directly or indirectly harm the interests of consumers or other interested party right, health and safety. When there is sufficient evidence to identify their goods, services, or other interested hazardous consumer safety and health at risk, in principle should immediately recover and stop their products or services.

Article17 : The Company and their directors, managers, employees and mandataries shall exercise the duty of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies. To achieve ethical corporate management, the Company is advised to form a dedicated unit of the board of directors to be in charge of establishing and enforcing the ethical



corporate management policies and prevention program and reporting to the board of directors on a regular basis. The main charge of the following matters, reporting to the board of directors, if necessary :

1. Assistance will be honest and moral values into the corporate business strategy, and in accordance with the relevant laws and regulations to establish a variety of measures to ensure the integrity and operation.
2. Formulate programs to prevent acts of bad faith, and to work within the programs to set standard operating procedures and business-related behavior guide.
3. Planning within the organization, preparation and particular portfolio, within the scope of business is not a high risk of faith conduct business activities, placement of mutual supervise and balances mechanism.
4. Promote and coordinate the training of integrity policy advocacy.
5. Planning report system to ensure the effectiveness of the implementation.
6. Assist the board of directors and the management and evaluation of the implementation of preventive measures to check the integrity of business is founded on the effective functioning, and make report of regularly assess the situation on the relevant business processes.

Article 18 : The Company and their directors, managers, employees and mandataries shall comply with laws and prevention program.

Article 19 : The Company is advised to promulgate policies for preventing conflicts of interests, according to identify, monitor and manage conflicts of interest that may lead to the risk of acts of bad faith and offer appropriate means for directors, and managers and other interested parties who attend or novoting the board of directors to voluntarily explain whether their interests would potentially conflict with those of the Company.

The Company directors, managers, and other interested parties who attend or novoting the board of directors shall explain the important content of interest relationship when itself or legal representative of the company have interest relationship .If harming the interest of the company, don't join to discuss and vote ,and avoiding when discuss and vote, and don't act on behalf of other directors to vote. A high degree of self-discipline shall between directors, When forced to support each other.

The Company directors, managers and mandataries shall not take advantage of their positions in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 : The Company shall establish effective accounting systems and internal control systems for business activities which may at a higher risk of being involved in an unethical

conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results.

Internal auditors of the Company shall periodically examine the company's compliance with the foregoing and prepare audit reports and submit the same to the board of directors and was appointed CPA to audit and, if necessary, appointed professionals to assist.

Article21 : The company should standardize the directors, managers and employees how to conduct business as following matters:

- 1.Standards for determining whether improper benefits have been offered or accepted.
- 2.Procedures for offering legitimate political donations.
- 3.Procedures and the standard rates for offering charitable donations or sponsorship.
- 4.Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
- 5.Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
- 6.Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
- 7.Handling procedures for violations of the Principles.
- 8.Disciplinary measures on offenders.

Article22 : The chairman, managers,or high-level managers of the Company are advised to convey the importance of ethical for directors, managers, employees.

The Company is advised to periodically organize training and awareness programs for directors, managers, employees, and mandataries and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention program and the consequences of committing unethical conduct.

The Company shall apply the policies of ethical corporate management when creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article23 : The Company is advised to establish specific report system, and should be implemented with certainty, its contents should at least as the following matters :

- 1.Establishment and announcement of the internal independent report mailboxand 、 special-purpose phone line,or entrust other external independent institution offer report mailbox special-purpose phone line,for internal and external personnel.

2. Assign dedicated staff or units to report receiving, report violations involving directors or executives, independent directors should be reported to, and in accordance with the actual situation formulate investigation prosecution matters and their respective categories of standard operating procedures.
3. Acceptance case report, process of the investigation, the result of investigation and record and filing of the related documents.
4. Keep secret of prosecutors identity and report content.
5. To protect prosecutors not suffering improper disposal of measures due to report violations.

The Company received report dedicated staff or units, as the survey found significant irregularities in the company in danger or subject to significant damage, should immediately report made to notify the independent directors in writing.

Article24 : The Company shall establish a well-defined disciplinary and report system to handle violation of the ethical corporate management rules, and immediately disclose on the company's internal website of the offender's job title, name, date the violation was committed, violating act and how the matter was handled.

Article25 : The Company is advised to establish promotion quantitative data of ethical corporate management, the ongoing analysis to assess the effectiveness of policies to promote integrity, on the company's website, annual report and prospectus disclose its ethical corporate management to adopt measures to comply with the case and promote the effectiveness of quantitative data, and disclose the contents of ethical corporate management on MOPS.

Article26 : The company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, and encourage directors, managers and employees to make suggestions so as to review and improve their ethical corporate management best practice principles and achieve better results from implementing the principles.

Article27 : Ethical corporate management best practice principles, and any amendments to it, shall enter into force after it has been adopted by Audit Committee Charter and Board of Directors, and submitted to a shareholders meeting.

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, 2014 and 2013 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, 2014 and 2013. 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, 2014 and 2013, and the results of its operations and its cash flows for the years then ended December 31, 2014 and 2013, in conformity with requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Ernst & Young  
CERTIFIED PUBLIC ACCOUNTANTS  
February 11, 2015  
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, 2014 and 2013

(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2014	%	December 31, 2013	%
Current assets				
Cash and cash equivalents	\$1,833,048	5.37	\$4,058,110	11.78
Financial assets at fair value through profit or loss-current	158,646	0.47	65,189	0.19
Hedging derivative financial assets-current	64,779	0.19	136,911	0.40
Notes receivables, net	30	-	3,712	0.01
Accounts receivables, net	5,205,524	15.23	5,268,426	15.29
Accounts receivable-related parties, net	1,210,591	3.54	1,890,941	5.49
Other receivables	79,826	0.23	79,157	0.23
Other receivables-related parties	995,205	2.91	706,797	2.05
Inventories, net	1,449,820	4.25	1,617,440	4.70
Prepayments	106,891	0.31	51,554	0.15
Other current assets	51,773	0.15	27,484	0.08
Total current assets	<u>11,156,133</u>	<u>32.65</u>	<u>13,905,721</u>	<u>40.37</u>
Non-current assets				
Financial assets measured at cost-noncurrent	221	-	221	-
Investments accounted for using the equity method	21,543,098	63.04	18,902,801	54.88
Property, plant and equipment, net	1,375,385	4.02	1,461,799	4.24
Intangible assets	27,282	0.08	26,165	0.08
Deferred tax assets	45,109	0.13	120,548	0.35
Other assets-others	26,083	0.08	27,242	0.08
Total non-current assets	<u>23,017,178</u>	<u>67.35</u>	<u>20,538,776</u>	<u>59.63</u>
Total assets	<u>\$34,173,311</u>	<u>100.00</u>	<u>\$34,444,497</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, 2014 and 2013

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2014	%	December 31, 2013	%
<b>Current liabilities</b>				
Short-term debts	\$3,466,941	10.15	\$4,639,148	13.47
Financial liabilities at fair value through profit or loss-current	71,855	0.21	12,748	0.04
Hedging derivative financial liabilities-current	64,071	0.19	104,773	0.31
Notes payable	64	-	86	-
Accounts payable	2,758,032	8.07	3,263,242	9.47
Accounts payable-related parties	1,012,784	2.96	1,939,804	5.63
Other payables	1,798,750	5.26	1,506,371	4.37
Other payables-related parties	59,998	0.18	85,478	0.25
Current tax liabilities	392,617	1.15	111,355	0.32
Provision-current	376,846	1.10	467,766	1.36
Other current liabilities	367,182	1.07	306,477	0.89
<b>Total current liabilities</b>	<b>10,369,140</b>	<b>30.34</b>	<b>12,437,248</b>	<b>36.11</b>
<b>Non-current liabilities</b>				
Long-term loans	-	-	161,841	0.47
Deferred tax liabilities	10,034	0.03	35,999	0.10
Accrued pension liabilities	212,457	0.62	142,980	0.42
Other liabilities-others	350	-	274	-
<b>Total non-current liabilities</b>	<b>222,841</b>	<b>0.65</b>	<b>341,094</b>	<b>0.99</b>
<b>Total liabilities</b>	<b>10,591,981</b>	<b>30.99</b>	<b>12,778,342</b>	<b>37.10</b>
<b>Equity</b>				
Share capital				
Common stock	5,430,289	15.89	7,240,385	21.02
Capital surplus	4,624,156	13.53	4,552,383	13.22
Retained earnings				
Legal reserve	2,726,410	7.98	2,532,514	7.35
Special reserve	1,290,820	3.78	1,290,820	3.75
Undistributed earnings	8,319,669	24.35	5,865,913	17.03
<b>Total retained earnings</b>	<b>12,336,899</b>	<b>36.11</b>	<b>9,689,247</b>	<b>28.13</b>
Other equity	1,189,986	3.48	184,140	0.53
<b>Total equity</b>	<b>23,581,330</b>	<b>69.01</b>	<b>21,666,155</b>	<b>62.90</b>
<b>Total liabilities and equity</b>	<b>\$34,173,311</b>	<b>100.00</b>	<b>\$34,444,497</b>	<b>100.00</b>

English Translation of Financial Statements Originally Issued in Chinese  
**CORETRONIC CORPORATION**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
For the years ended December 31, 2014 and 2013  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	2014	%	2013	%
Net sales	\$21,314,604	100.00	\$19,896,879	100.00
Operating costs	18,491,335	86.75	18,176,213	91.35
Gross profit	2,823,269	13.25	1,720,666	8.65
Unrealized intercompany profit	117,891	0.56	109,024	0.55
Realized intercompany profit	109,024	0.51	89,511	0.45
Gross profit, net	2,814,402	13.20	1,701,153	8.55
Operating expenses				
Selling expenses	248,576	1.17	214,182	1.08
Administrative expenses	989,674	4.64	852,402	4.29
Research and development expenses	1,025,974	4.81	1,017,480	5.11
Total operating expenses	2,264,224	10.62	2,084,064	10.48
Operating income	550,178	2.58	(382,911)	(1.93)
Non-operating income and expenses				
Other income	428,338	2.01	380,139	1.91
Other gains and losses	53,497	0.25	135,434	0.68
Finance costs	(68,053)	(0.32)	(33,538)	(0.17)
Share of profit of subsidiaries and associates accounted for using the equity method	2,231,537	10.47	1,888,079	9.49
Total non-operating income and expenses	2,645,319	12.41	2,370,114	11.91
Income before income tax	3,195,497	14.99	1,987,203	9.98
Income tax expense	(354,384)	(1.66)	(48,240)	(0.24)
Net income	2,841,113	13.33	1,938,963	9.74
Other comprehensive income				
Exchange differences resulting from translating the financial statements of foreign operations	1,008,935	4.73	749,259	3.77
Cash flow hedge	(31,429)	(0.15)	59,850	0.30
Actuarial losses on defined benefit plans	(73,380)	(0.34)	(15,581)	(0.08)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	16,329	0.08	682	0.00
Income tax relating to components of other comprehensive income	17,818	0.08	(2,815)	(0.01)
Other comprehensive income, net of tax	938,273	4.40	791,395	3.98
Total comprehensive income	\$3,779,386	17.73	\$2,730,358	13.72
Basic Earnings Per Share (in New Taiwan Dollars)	\$ 4.46		\$ 2.68	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$ 4.40		\$ 2.67	

## CORETRONIC CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2014 and 2013

(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, 2013	\$ 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
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)
The difference between the price of acquiring or disposing the shares of subsidiaries and the book value of the 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 December 31, 2014	-	-	-	-	2,841,113	-	-	-	2,841,113
Other comprehensive income for the year ended December 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 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



English Translation of Financial Statements Originally Issued in Chinese  
CORETRONIC CORPORATION  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2014 and 2013  
(Amounts in thousands of New Taiwan Dollars)

Description	2014	2013	Description	2014	2013
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$3,195,497	\$1,987,203	Acquisition of investments accounted for using the equity method	(114,977)	(50,000)
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	(74,546)	(33,131)
Bad debt (reversal) expenses	(2,765)	6,116	Proceeds from disposal of property, plant and equipment	6,063	1,133
Depreciation	158,322	165,280	Acquisition of intangible assets	(8,031)	(13,975)
Amortization	8,311	9,513	Decrease in intangible assets	-	250
Net gain on financial assets and liabilities at fair value through profit or loss	(34,350)	(58,393)	Increase in other assets-others	(238)	(4,505)
Interest expenses	68,053	33,538	Net used in investing activities	<u>(181,645)</u>	<u>(100,228)</u>
Interest income	(24,921)	(19,398)			
Share of profit of associates accounted for using the equity method	(2,231,537)	(1,888,079)	Cash flows from financing activities :		
Gain on disposal of property, plant and equipment	-	(639)	(Decrease) increase in short-term debts	(1,172,207)	1,306,808
Unrealized gross profit	117,891	109,024	Decrease in long-term bank loans	(161,841)	(485,751)
Realized gross profit	(109,024)	(89,511)	Increase in other liabilities-others	76	155
Changes in operating assets and liabilities:			Capital reduction	(1,810,096)	-
Notes receivables	3,682	(3,712)	Cash dividends	-	(724,039)
Accounts receivables	65,667	420,063	Net cash (used in) provided by in financing activities	<u>(3,144,068)</u>	<u>97,173</u>
Accounts receivables-related parties	680,350	(335,381)	Net (decrease) increase in cash and cash equivalents	<u>(2,225,062)</u>	<u>187,087</u>
Other receivables	(1,334)	33,214	Cash and cash equivalents at the beginning of the period	<u>4,058,110</u>	<u>3,871,023</u>
Other receivables-related parties	(288,408)	(188,861)	Cash and cash equivalents at the end of the period	<u>\$1,833,048</u>	<u>\$4,058,110</u>
Inventories	167,620	(273,231)			
Prepayments	(55,337)	89,729			
Other current assets	(24,289)	(213)			
Notes payable	(22)	(847)			
Accounts payables	(505,210)	628,553			
Accounts payables-related parties	(927,020)	(713,385)			
Other payables	290,130	277,651			
Other payables-related parties	(25,480)	(8,026)			
Provision-current	(90,920)	(21,138)			
Other current liabilities	60,705	(23,598)			
Accrued pension liabilities	8,571	(1,653)			
Cash generated from operating activities	<u>504,182</u>	<u>133,819</u>			
Interest received	25,586	19,163			
Dividend received	658,416	96,937			
Interest paid	(69,229)	(33,056)			
Income tax paid	(18,304)	(26,721)			
Net cash provided by operating activities	<u>1,100,651</u>	<u>190,142</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, 2014 and 2013 and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended December 31, 2014 and 2013. 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, 2014 and 2013, and the results of its operations and its cash flows for the years then ended December 31, 2014 and 2013, 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, 2014 and 2013 for the years then ended. We have expressed an unqualified opinion on those separate financial statements.

Ernst & Young  
CERTIFIED PUBLIC ACCOUNTANTS  
February 11, 2015  
Taipei, Taiwan  
Republic of China

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English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2014 and 2013

(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2014	%	December 31, 2013	%
<b>Current assets</b>				
Cash and cash equivalents	\$ 17,066,616	30.67	\$ 16,498,603	28.39
Financial assets at fair value through profit or loss-current	280,157	0.50	196,640	0.34
Hedging derivative financial assets-current	84,455	0.15	198,812	0.34
Note receivables, net	260,244	0.47	376,187	0.65
Accounts receivables, net	19,406,511	34.87	21,336,906	36.72
Accounts receivables-related parties, net	34,667	0.06	16,345	0.03
Other receivables	249,579	0.45	229,506	0.39
Other receivables-related parties	-	-	171	-
Current tax assets	12,369	0.02	16,019	0.03
Inventories, net	6,624,575	11.90	7,609,357	13.10
Prepayments	580,795	1.05	363,122	0.62
Other current assets	173,475	0.31	156,433	0.27
<b>Total current assets</b>	<b>44,773,443</b>	<b>80.45</b>	<b>46,998,101</b>	<b>80.88</b>
<b>Non-current assets</b>				
Financial assets at fair value through profit or loss-noncurrent	-	-	133,835	0.23
Available-for-sale financial assets-noncurrent	84,264	0.15	53,982	0.09
Financial assets measured at cost-noncurrent	400,755	0.72	275,146	0.47
Property, plant and equipment, net	9,491,032	17.05	9,301,889	16.01
Investment property, net	208,669	0.37	263,745	0.45
Intangible assets	98,258	0.18	475,084	0.82
Deferred tax assets	188,041	0.34	277,911	0.48
Other assets-others	409,589	0.74	327,897	0.57
<b>Total non-current assets</b>	<b>10,880,608</b>	<b>19.55</b>	<b>11,109,489</b>	<b>19.12</b>
<b>Total assets</b>	<b>\$ 55,654,051</b>	<b>100.00</b>	<b>\$ 58,107,590</b>	<b>100.00</b>

(continued)

CORETRONIC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
As of December 31, 2014 and 2013  
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2014	%	December 31, 2013	%
<b>Current liabilities</b>				
Short-term debts	\$ 5,064,609	9.10	\$ 7,334,372	12.62
Financial liabilities at fair value through profit or loss-current	135,900	0.24	47,140	0.08
Hedging derivative financial liabilities-current	83,499	0.15	157,433	0.27
Notes payable	4,520	0.01	4,843	0.01
Accounts payables	16,040,892	28.82	18,330,979	31.55
Accounts payables-related parties	99,303	0.18	34,417	0.06
Other payables	5,046,462	9.07	4,541,650	7.82
Other payables-related parties	-	-	2,697	-
Current tax liabilities	1,067,584	1.92	876,256	1.51
Provision-current	794,050	1.43	825,837	1.42
Current portion of long-term loans	-	-	882	-
Other current liabilities	884,661	1.59	772,515	1.33
Total current liabilities	<u>29,221,480</u>	<u>52.51</u>	<u>32,929,021</u>	<u>56.67</u>
<b>Non-current liabilities</b>				
Long-term loans	-	-	174,151	0.30
Provision-non-current	-	-	12,975	0.02
Deferred tax liabilities	87,108	0.16	120,542	0.21
Accrued pension liabilities	291,070	0.52	300,831	0.52
Other liabilities-others	31,040	0.05	35,784	0.06
Total non-current liabilities	<u>409,218</u>	<u>0.73</u>	<u>644,283</u>	<u>1.11</u>
Total liabilities	<u>29,630,698</u>	<u>53.24</u>	<u>33,573,304</u>	<u>57.78</u>
Equity attributable to owners of the parent				
Share capital				
Common stock	5,430,289	9.75	7,240,385	12.46
Capital surplus	4,624,156	8.31	4,552,383	7.83
Retained earnings				
Legal reserve	2,726,410	4.90	2,532,514	4.36
Special reserve	1,290,820	2.32	1,290,820	2.22
Undistributed earnings	8,319,669	14.95	5,865,913	10.09
Total retained earnings	<u>12,336,899</u>	<u>22.17</u>	<u>9,689,247</u>	<u>16.67</u>
Other equity	1,189,986	2.14	184,140	0.32
Non-controlling interests	2,442,023	4.39	2,868,131	4.94
Total equity	<u>26,023,353</u>	<u>46.76</u>	<u>24,534,286</u>	<u>42.22</u>
Total liabilities and equity	<u>\$ 55,654,051</u>	<u>100.00</u>	<u>\$ 58,107,590</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, 2014 and 2013  
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	2014	%	2013	%
Net sales	\$ 81,177,987	100.00	\$ 72,748,977	100.00
Operating costs	69,877,250	86.08	62,299,027	85.64
Gross profit	11,300,737	13.92	10,449,950	14.36
Operating expenses				
Selling expenses	2,211,844	2.73	2,449,411	3.37
Administrative expenses	2,787,508	3.43	2,607,909	3.58
Research and development expenses	2,897,708	3.57	2,793,172	3.84
Total operating expenses	7,897,060	9.73	7,850,492	10.79
Operating income	3,403,677	4.19	2,599,458	3.57
Non-operating income and expenses				
Other income	633,261	0.78	424,029	0.58
Other gains and losses	101,690	0.13	(72,494)	(0.10)
Finance costs	(159,895)	(0.20)	(96,463)	(0.13)
Total non-operating income and expenses	575,056	0.71	255,072	0.35
Income before income tax	3,978,733	4.90	2,854,530	3.92
Income tax expense	(974,169)	(1.20)	(838,513)	(1.15)
Net income	3,004,564	3.70	2,016,017	2.77
Other comprehensive income				
Exchange differences resulting from translating the financial statements of foreign operations	1,103,191	1.36	830,074	1.14
Unrealized gains from available-for-sale financial assets	32,063	0.04	(12,870)	(0.02)
Cash flow hedge	(40,495)	(0.05)	76,019	0.10
Actuarial losses on defined benefit plans	(84,081)	(0.10)	(14,823)	(0.02)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	19,638	0.02	(2,944)	-
Other comprehensive income, net of tax	1,030,316	1.27	875,456	1.20
Total comprehensive income	\$ 4,034,880	4.97	\$ 2,891,473	3.97
Net income for the periods attributable to :				
Owners of the parent	\$ 2,841,113		\$ 1,938,963	
Non-controlling interests	\$ 163,451		\$ 77,054	
Total comprehensive income for the periods attributable to :				
Owners of the parent	\$ 3,779,386		\$ 2,730,358	
Non-controlling interests	\$ 255,494		\$ 161,115	
Basic Earnings Per Share (in New Taiwan Dollars)	\$ 4.46		\$ 2.68	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$ 4.40		\$ 2.67	

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, 2014 and 2013

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent								Total	Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other 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, 2013	\$ 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
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)
The difference between the price of acquiring or disposing the shares of subsidiaries and the book value of the 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

English Translation of Financial Statements Originally Issued in Chinese  
CORETRONIC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2014 and 2013  
(Amounts in thousands of New Taiwan Dollars)

Description	2014	2013	Description	2014	2013
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$ 3,978,733	\$ 2,854,530	Acquisition of subsidiaries (net of cash acquires)	(217,329)	-
Adjustments for:			Proceeds from disposal of financial assets and liabilities at fair value through profit or loss	134,524	-
The profit or loss items which did not affect cash flows:			Proceeds from disposal of available-for-sale financial assets	1,581	-
Bad debt reversal	6,089	(20,692)	Acquisition of property, plant and equipment	(1,221,335)	(1,038,067)
Depreciation (including investment property)	1,430,730	1,495,199	Proceeds from disposal of property, plant and equipment	195,058	48,072
Amortization (including other assets-others)	57,048	60,331	Acquisition of intangible assets	(76,311)	(49,598)
Interest expenses	159,895	96,463	Proceeds from disposal of intangible assets	166	274
Interest income	(269,022)	(145,495)	Increase in other assets-others	(72,726)	(17,418)
Dividend income	(21,300)	(5,822)	Change of Subsidiary's consolidated entities - derecognition of subsidiary	(121,148)	-
Transfer of property, plant and equipment to expense	27,029	3,183	Net cash used in investing activities	<u>(1,377,520)</u>	<u>(1,056,737)</u>
Losses on disposal of property, plant and equipment	10,358	9,958			
Gain on disposal of investments	(24,541)	-			
Gain from bargain purchase	(8,798)	-			
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	5,243	(166,167)	Cash flows from financing activities :		
Impairment of non-financial assets	3,789	256,787	(Decrease) increase in short-term debts	(2,561,364)	1,553,649
Changes in operating assets and liabilities:			Decrease in long-term bank loans	(174,916)	(486,680)
Notes receivables	115,943	(35,604)	(Decrease) increase in other liabilities-others	(6,589)	6,348
Accounts receivables	1,857,114	(6,472,778)	Capital reduction	(1,810,096)	-
Accounts receivables-related parties	(18,773)	(11,641)	Cash dividends	-	(724,039)
Other receivables	30,358	88,931	Decrease in non-controlling interests	(114,685)	(128,101)
Other receivables-related parties	(35,937)	(117)	Treasury stock repurchase cost of subsidiary	(40,221)	-
Inventories	771,707	(560,318)	Net cash (used in) provided by financing activities	<u>(4,707,871)</u>	<u>221,177</u>
Prepayments	(237,836)	130,512	Effect of changes in exchange rate on cash and cash equivalents	798,729	559,241
Other current assets	166,226	(10,350)	Net increase in cash and cash equivalents	568,013	3,568,478
Notes payables	(323)	(164)	Cash and cash equivalents at the beginning of the period	16,498,603	12,930,125
Accounts payables	(2,261,466)	5,957,656	Cash and cash equivalents at the end of the period	<u>\$ 17,066,616</u>	<u>\$ 16,498,603</u>
Accounts payables-related parties	64,978	26,270			
Other payables	726,242	729,527			
Other payables-related parties	(120,290)	(4,839)			
Provision-current	(31,787)	(109,138)			
Other current liabilities	115,414	112,417			
Accrued pension liabilities	(12,084)	(6,314)			
Cash generated from operating activities	<u>6,484,739</u>	<u>4,272,325</u>			
Dividend received	21,300	5,822			
Interest received	262,163	144,375			
Interest paid	(155,593)	(91,386)			
Income tax paid	(757,934)	(486,339)			
Net cash provided by operating activities	<u>5,854,675</u>	<u>3,844,797</u>			

## 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.



### Information on Director Remuneration and Employee Bonus

The Board adopted a proposal for 2014 bonus to Directors and employees' cash profit sharing at its Meeting on March 17, 2015. It is proposed to distribute NT\$0 for directors' remunerations, NT\$0 for employee stock bonus shares, and NT\$383,550,260 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 only distribute cash dividends to shareholders.

Appendix 5

### Status of all Directors' Shareholding

- Total shares issued as of April 12, 2015 are 543,028,888.
- As of April 12, 2015, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Wade Chang	9,446,829	1.74%
Director	Hsun Chieh Investment Co.	18,828,189	3.47%
Director	Sarah Lin	1,012,500	0.19%
Director	SY Chen	1,004,316	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		30,291,834	5.58%

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