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Coretronic Corporation

**Handbook for the 2018
Annual General Shareholders' Meeting
(Translation)**

Meeting Time: June 14, 2018

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Coretronic Corporation
2018 Annual General Shareholders' Meeting Procedure

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

Coretronic Corporation
2018 Annual General Shareholders' Meeting Agenda

Time : 9:00 a.m., June 14 (Thursday), 2018

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

I. Chairman's Address

II. Report Items

1. 2017 Annual Business Report.
2. Audit Committee's Report.
3. The distribution of 2017 employees' compensation.
4. The status of issuance of 2017 new common shares through cash capital increase or in the form of global depositary receipts.

III. Ratification Items

1. Ratification of 2017 Annual Business Report and Financial Statements.
2. Ratification of the Proposal for the Distribution of 2017 Earnings.

IV. Discussion Items

1. Proposal for the cash distribution of additional paid-in capital.
2. Proposal to release the directors from non-competition restrictions.

V. Extraordinary Motions

VI. Meeting Adjournment

Report Items

1. 2017 Annual Business Report

Description: 2017 Annual Business Report is attached as Attachment 1.

2. Audit Committee's Report

Description: 2017 Audit Committee's Report is attached as Attachment 2.

3. The distribution of 2017 employees' compensation.

Description: In accordance with Company Act and the Company 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 \$ 256,595,586 as 2017's employee compensation in cash.

4. The status of issuance of 2017 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 2017 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 billion or 60 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 2017 Business Report and Financial Statements. (Proposed by the Board of Directors)

Description:

- (1) The 2017 financial statements of the Company audited by Ernst & Young and had issued its review report accordingly.
- (2) Please refer to attachment 1 and 3 for 2017 Business Report and financial statements.
- (3) Please resolve.

Resolution:

2. Ratification of the Proposal for the Distribution of 2017 Earnings. (Proposed by the Board of Directors)

Description:

- (1) The proposed profits distribution is allocated from Earnings in 2017 Available for Distribution, The earnings distribution table please refer to attachment 4.
- (2) Record date for paying cash dividend: Upon the approval of the 2018 shareholders' meeting, it is proposed to authorize the Chairman 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 shall be authorized to adjust the cash dividend based on the number of actual shares outstanding on the record date for distribution.

(4) Please resolve.

Resolution:

Discussion Items

1. Proposal for the cash distribution of additional paid-in capital (Proposed by the Board of Directors)

(1) The Company intends to pay back NT\$217,211,555 additional paid-in capital, the excess paid by investors over and above the par-value price of the previous stock issues, to the shareholders in accordance with Article 241 of the Company Act. It is proposed to pay NT\$0.5 per share based on the number of shares issued by the record date. Cash 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.

(2) Record date for paying additional paid-in capital: Upon the approval of the 2018 shareholders' meeting, it is proposed to authorize the Chairman to determine the distribution 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 cash based on the number of actual shares outstanding on the record date for distribution.

(4) Please resolve.

Resolution:

2. Proposal to release the 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 the Director .
The list of competition restrictions on the Director proposed to be released is as below :

Position	Name	Released restriction
Director	Ms. Sarah Lin	Director of uCare Medical Electronics Co., Ltd. and Champ Vision Display Inc.

(3) Please resolve.

Resolution:

Extraordinary Motions

Meeting Adjournment

Coretronic Corporation

2017 Business Report

For the fiscal year of 2017, Coretronic reported consolidated sales revenue of NT\$53,105 million and operating income of NT\$1,731 million with a net income of NT\$1,705 million. Net income attributable to equity holders of the parent company was NT\$1,751 million with the basic EPS of NT\$4.03.

Sales breakdowns by product lines in 2017 as below: (Consolidated)

Product	2017	2016	Diff.
Energy Saving Products (unit/pc)	47,901,004	57,351,751	(16.5%)
Visual Solutions Products (unit)	1,333,641	1,220,710	9.3%

In year 2017, the company invest significantly amount of R&D resources in cultivating core competences and to strive leading positions in super narrow bezel, ultra-slim, 4K resolution and energy saving advanced flat display. Further by applying those innovative designs to brand customers, which facilitates better differentiations and unique market propositions, such as IML-ST LGP technology which can remove two films from conventional BLU structure for slimmer and reduce cost, 0.38mm thickness injection LGP for 14" Notebook applications, collimated roller stamping PC LGP also get 30% efficiency improvement and also can be released under 0.4T for ultra-narrow bezel thin display, this technology has been gradually promoted to the first-tier brand customers. Other that combined lenticular laser pattern via imprint process on TV glass LGP has benefit on efficiency & yield improving is also under developing. As for the HDR (high dynamic contrast) research and development, the company also developed a 1.5D area dimming and scanning of the backlight module used in gaming laptop and screen display. For the thin 2D area dimming needs, the company has successfully developed an optical distance (OD) in 2.5mm LCD using optical lens technology and has been applied to large-size TVs or high-end displays. The company will continues to develop thinner OD like 0.8mm.

In addition, the Company developed a fifth generation ePrivacy display technology with switchable viewing angles to achieve lower power consumption and better privacy performance with the core technology of light guide plate, backlight and special diaphragm technology instead of using traditional louver film which is inconvenient experience and reduce picture contrast quality. In vehicle-mounted applications, exhaustive study LCMs for head-up displays are effectively gathered by optical lenses with ultra-narrow horizontal and vertical viewing angles (+/- 5 degrees) and ultra-high brightness (4 million @ 5 watts) Head-up display module to reduce size and energy saving, and the future of electric energy saving and high contrast display trend, successfully developed the one piece optical lens which with only 4mm OD and 2D dynamic dimming LCD display, has access to customer cooperation and development. Semi-system integration is another new business to explore. To provide one stop solutions with better yield rate, product quality and niches designs, we have successfully developed LCM with touch module to 1st level brand company, using this design can achieve <3.8mm ultra-narrow border hinge-up for laptop application.

With regarding to system product, we developed seamless-like video wall technology with smallest 0.5mm seam in the world via unique optical device & freeform video wall signage software. In the PID technology, the company has developed a 55-inch ultra-thin double-sided display with a thickness of less than 2 cm, which can display different images at the same time. In addition, the ultra-high brightness display can be easily viewed outdoors under high illumination. Swappable LCD All-In-One POS and so on the system-side products have extraordinary results. In the medical display section, our new multi-sources splits large surgical display can unify and integrate the

surgical image, MRI and all kinds of vital sign monitor equipment into same display for physician to easy handle critical information at a glance. Our vision is to devote best endeavor in innovative technologies and to provide a great diversity of leading edge displays to branding partners to jointly enhance utmost user experiences.

In visual solutions business, developing creative solutions for different market segments and exploring new business model for key components are the two main focuses of innovative business. Technical breakthrough brings opportunities for continuous growth momentum and corporate transformation. The first parity 4K high resolution home projector started shipping in the middle of 2017 and significantly acquired very high market share. The leading-edge laser projection products also enjoyed a year of significant progress. In the 2nd half of 2017, the worldwide first 0.18TR ultra-short throw 4K laser TV also launched, which became the flagship model in the market. Additionally, attributed to continuous optimization in the dual laser light source ultra-short throw products, performance, brightness and cost competitiveness were raised. We also integrated finger touch features , and image blending function into our projection system as a complete solution that caters to both education and enterprise by interactive learning, discussion and application scenarios from combining multiple projectors. The goal is to achieve sustainable business growth by more than 50% market share in China, and worldwide No. 1 in volume of laser projectors. Besides, persistent efforts in developing high brightness and 4K resolution laser products were made for ProAV market. In 2017, the 4K laser products successfully launched to the staging and rental markets. For outdoor application, projector brightness is further enhanced by collaborative development on the light source modules and the imaging chips. Signage team completed the development of world's one and only automatic image warping and blending technology for large image, and rolled it into the market. The technology is integrated with the state-of-the-art ultra-short throw laser projector and this All-in-One system will be highly suitable for indoor signage applications.

The core competence of key components and module solutions with the result of exploring new business model further contributed the growth potential. In 2017, the LED optical engine modules began shipping in high volume to the game machine provider. The Screen team successfully developed several optical microstructure technologies and commercialized anti-ambient light rear projection screen and transparent screen for ultra-short throw projectors. Furthermore, we developed digital dry-erase markers with PCT technology, which retains user white-boarding experience while digitizing user's handwriting. This further allows for future integration with IoT, AI and big data technologies. Moreover, we also developed a key component in laser projector, inorganic phosphor wheel, which has better ability in heat resistance and thermal conductivity, and thereby makes its use in high energy density and high brightness laser projectors possible. The above products are expected to reach mass production in 2018. To sustain leading position of solid state illumination projection technology, RD team are devoted to simplifying the circuit design of laser driver in high brightness-products, studying feasibilities in all aspects to make SSI projectors become main stream products, and planning to develop a creative design to integrate functions of power unit and laser driver to upgrade and further consolidate products in overall competence.

For sustainable development to accelerate overall value of Coretronic group, we put a lot of effort into new technologies and products for different applications. By the advanced TI DLP MEMS scanning technology, the world first portable DLP NIR spectrometer with wide wavelength range (900-1700nm), high accuracy and compact size is developed. To meet versatile applications, we also offer fiber input modules and transmission modules with cloud computing platform for supporting cloud services. By the spectrometer test platform, we keep working on building up solutions and infrastructures for both professional and consumer applications.

Integrating AI, deep learning, computer vision, data science, IoT, cloud services with the total visual solutions of Coretronic Group, we explore new business scope to platform service business. We focus on cloud services and Smart digital application business. The service business model will be

targeting at 3 market segments: Smart Public Broadcasting, Smart Retailing, and Smart Campus. On the other hand, we also deploy our resources in developing AI technology. The initial target is security control, and security surveillance drone designed as a total solution which includes software, hardware, and platform, as well as core technologies that integrate sensors, artificial intelligence and robotics all together.

Looking into the future, Coretronic will adhere to its mission as a leader in the digital display system technology sector, exhaustive study of innovative display solutions and aim to implement into Image Recognition, AI and Cloud Services as the new focus directions. The specific development strategies are as follows:

(1) An intense cultivation of optical core technology to extend cross-application optical components and system products, sub-system products, much stronger product additional value and price competitiveness, as well as consolidation of a global competitive edge in the display and imaging technological fields. (2) In the backlight module technology continue to develop all kinds of new edge type of light guide plate, direct-type light guide lens and special optical control diaphragm, and towards the backlight module to reduce the thickness, border width, optical films, usage of LED & increase optical efficiency to develop high-value-value applications such as gaming, tablets, notebooks, industrial monitors, head-up displays and touch controls for thin, small, energy efficient, privacy peeking, and high dynamic contrast Display monitors, medical and gaming high-end monitors, AIO monitors and thin and smart high-end television, smart home display module. (3) Due to changes in the market business model and customer demand, product development has been led by pure backlight module shipments Semi-system and integrated system products designed and manufactured in combination with tablet / notebook / car monitors and head-up displays and TV appearance parts To provide the best possible design, production and global after-sales services for Brand Name / SI and panel customers. (4) For the traditional mainstream projector models, we will not only further refine the convenience of product usage and competitiveness but also continue to develop more high-resolution models of diversified 4K levels to optimize our product lines. In addition, to cope with the coming era of the solid light source as the market mainstream, we will deepen and widen our solid-state illumination product lines and create more application possibilities related to our visual total solutions, allowing products to be more reliable, stable, and diversified. For LED products starting with the embedded system, we have achieved preliminary effects, which will be used as the business model to extend to various application fields and to link to various innovative technologies, hoping to break through the conventional projection boundary. For development of ultra-short throw laser TV projector, we will continue to base on our existing laser TV experiences to make efforts on higher resolution and higher price-performance ratio products to provide consumers with new options from conventional televisions. For wearable display products, the world's smallest AR optical engine will be put into mass production. We will continue to actively develop higher resolution, smaller size and higher performance into super-mini type AR optical engine modules for making contributions to the AR industry. (5) On the premise of market demand and resolving pain points, we will employ core technology to complete the laser display platform of full product lines with the technologies of laser + short throw + 4K UHD + smooth dynamic imaging and also to strengthen the software application and smart connection functions, hoping that we can provide complete projection solutions with more a sense of immersion in various application fields (education, business, home entertainment, public display and gaming) and also provide the embedded solutions in the form of sub-system, under various scenarios. (6) Extend the niche market of large-venue on business application. By using the commercial display application platform, we will integrate the software and hardware of the system to provide total projection solutions for creating new values for our clients and cooperative partners. (7) To develop the digital service platform by combining AI, deep learning, computer vision, internet of things and cloud-based computing to step into three target markets of the smart interactive public broadcasting, smart retailing and smart campus with the service type business model. And focus on developing on related core technology that integrates sensors, artificial intelligence and robotics, strive for research,

design and development of security control, security drone software and hardware platform program; develop the drone intelligence program and explore the cooperative opportunities together with security control service providers and brand vendors. (8) By utilizing cutting-edge information technology to make an overall plan for Group's resource allocation and the assurance of information security to promote the integral efficiency of the organization; It is also to define the information procedures and the resources of system applications for business operation, so as to rapidly provide integrated information management platform; It is to design, plan and execute cloud-infrastructure, digital and IOT platform and applications to expedite the expansion of Group's new businesses. (9) 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 employees.

Sincerely,

Chairman: Wade Chang

President: Sarah Lin, SY Chen

Accounting Officer: Franck Ho

Audit Committee's Report

To: 2018 General Annual Shareholders' Meeting of Coretronic Corporation

The Board of Directors of the Company has delivered the 2017 business report, the financial statements and the proposed 2017 earnings distribution. The aforesaid 2017 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 25, 2018

Independent Auditors' Report

To Coretronic Corporation

Opinion

We have audited the accompanying parent company only balance sheets of Coretronic Corporation (“the Company”) as of December 31, 2017 and 2016, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the parent company only financial statements, including the summary of significant accounting policies (together “the parent company only financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and cash flows for the years ended December 31, 2017 and 2016, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2017 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

The Company recognized the allowance write-down of inventories amounted to NT\$25,787 thousand for the years ended December 31, 2017. Due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products, management estimates the write-down of inventories. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the parent company only financial statements.

Maintenance warranties for products

The Company recognized the provision of maintenance warranties for products amounted to NT\$259,754 thousand for the years ended December 31, 2017, the provision was based on the experience of maintenance warranties for products, management judges and estimates the provision of maintenance warranties. Considering the assessment of the amount of the provision of maintenance warranties requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around the provision ratio of maintenance warranties; evaluating the reasonableness of accounting policies on the provision of maintenance warranties; testing the selected samples for the provision of maintenance warranties and confirming that whether to comply with the accounting policies; testing the source of the basic data. We also assessed the adequacy of disclosures of the provision of maintenance warranties for products. Please refer to Notes 5 and 6 to the parent company only financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$22,695 thousand, representing 0.06% of total assets as of December 31, 2017. The related shares of loss from the associates and joint ventures under the equity method amounted to NT\$21,773 thousand, representing (1.21)% of the net income before tax for the years ended December 31, 2017.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2017 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young, Taiwan

Taiwan

Republic of China

January 29, 2018

Notice to Readers

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 Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such parent company only financial statements are those generally accepted and applied in the Republic of China.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2017	%	December 31, 2016	%
Current assets				
Cash and cash equivalents	\$ 72,627	0.21	\$ 189,095	0.52
Financial assets at fair value through profit or loss-current	23,097	0.07	94,807	0.26
Hedging derivative financial assets-current	95,167	0.27	106,629	0.29
Note receivables, net	1,324	-	-	-
Trade receivables, net	5,449,345	15.49	8,041,274	22.07
Trade receivables-related parties, net	2,224,176	6.32	1,790,462	4.91
Other receivables	84,229	0.24	97,536	0.27
Other receivables-related parties	102,422	0.29	171,445	0.47
Inventories, net	1,308,143	3.72	1,728,896	4.75
Prepayments	95,722	0.27	86,655	0.24
Other current assets	36,825	0.11	52,872	0.15
Total current assets	9,493,077	26.99	12,359,671	33.93
Non-current assets				
Financial assets measured at cost-noncurrent	18,187	0.05	18,187	0.05
Investments accounted for using the equity method	24,281,252	69.04	22,605,056	62.04
Property, plant and equipment, net	1,213,970	3.45	1,285,461	3.53
Intangible assets	33,210	0.10	28,117	0.08
Deferred tax assets	112,460	0.32	111,968	0.31
Other noncurrent assets	18,451	0.05	20,539	0.06
Total non-current assets	25,677,530	73.01	24,069,328	66.07
Total assets	\$ 35,170,607	100.00	\$ 36,428,999	100.00

(continued)

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2017	%	December 31, 2016	%
Current liabilities				
Short-term borrowings	\$ 5,894,080	16.76	\$ 5,490,916	15.07
Financial liabilities at fair value through profit or loss-current	31,774	0.09	64,515	0.18
Hedging derivative financial liabilities-current	119,411	0.34	104,746	0.29
Accounts payables	3,019,853	8.58	4,020,097	11.04
Accounts payables-related parties	1,913,402	5.44	1,931,392	5.29
Other payables	1,559,039	4.43	1,809,622	4.97
Other payables-related parties	42,540	0.12	39,234	0.11
Current tax liabilities	301,882	0.86	302,059	0.83
Provision-current	375,321	1.07	370,934	1.02
Other current liabilities	203,008	0.58	408,895	1.12
Total current liabilities	13,460,310	38.27	14,542,410	39.92
Non-current liabilities				
Deferred tax liabilities	2,222	0.01	6,358	0.02
Net defined benefit liabilities-noncurrent	154,130	0.44	245,714	0.67
Other noncurrent liabilities	21,844	0.06	1,422	-
Total non-current liabilities	178,196	0.51	253,494	0.69
Total liabilities	13,638,506	38.78	14,795,904	40.61
Equity				
Share capital				
Common stock	4,344,231	12.35	4,344,231	11.93
Capital surplus	4,092,423	11.64	4,627,479	12.70
Retained earnings				
Legal reserve	3,397,480	9.66	3,201,027	8.79
Special reserve	1,962,450	5.58	1,290,820	3.54
Unappropriated retained earning	8,928,344	25.38	8,841,168	24.27
Total retained earnings	14,288,274	40.62	13,333,015	36.60
Other equity	(1,192,827)	(3.39)	(671,630)	(1.84)
Total equity	21,532,101	61.22	21,633,095	59.39
Total liabilities and equity	\$ 35,170,607	100.00	\$ 36,428,999	100.00

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	For the years ended December 31,		For the years ended December 31,	
	2017	%	2016	%
Net sales	\$ 19,561,266	100.00	\$ 21,276,306	100.00
Operating costs	16,813,824	85.95	18,473,713	86.83
Gross profit	2,747,442	14.05	2,802,593	13.17
Unrealized intercompany profit	222,648	1.14	164,382	0.77
Realized intercompany profit	164,382	0.84	163,290	0.77
Gross profit, net	2,689,176	13.75	2,801,501	13.17
Operating expenses				
Selling expenses	262,183	1.34	276,632	1.30
General and Administrative expenses	879,293	4.50	1,067,847	5.02
Research and development expenses	1,394,009	7.13	1,360,168	6.39
Total operating expenses	2,535,485	12.97	2,704,647	12.71
Operating income	153,691	0.78	96,854	0.46
Non-operating income and expenses				
Other income	148,842	0.76	233,784	1.10
Other gains and losses	85,561	0.44	118,626	0.56
Finance costs	(98,386)	(0.50)	(38,914)	(0.18)
Share of loss of subsidiaries, associates and joint ventures	1,506,461	7.70	1,731,268	8.13
Total non-operating income and expenses	1,642,478	8.40	2,044,764	9.61
Income before income tax	1,796,169	9.18	2,141,618	10.07
Income tax expense	(45,542)	(0.23)	(177,084)	(0.83)
Net income	1,750,627	8.95	1,964,534	9.24
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of defined benefit pension plans	74,161	0.38	(114,553)	(0.54)
Share of remeasurements of defined benefit plans of subsidiaries, associates and joint ventures	11,924	0.06	(1,643)	(0.01)
Income tax related to items that will not be reclassified	(12,607)	(0.07)	19,474	0.09
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(548,325)	(2.80)	(1,542,792)	(7.25)
Loss on effective portion of cash flow hedges	(26,127)	(0.13)	(7,319)	(0.03)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	48,813	0.25	1,013	-
Income tax related to items that may be reclassified subsequently to profit or loss	4,442	0.02	1,244	0.01
Other comprehensive income, net of tax	(447,719)	(2.29)	(1,644,576)	(7.73)
Total comprehensive income	\$ 1,302,908	6.66	\$ 319,958	1.51
Basic Earnings Per Share (in New Taiwan Dollars)	\$ 4.03		\$ 4.01	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$ 3.95		\$ 3.92	

CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2017 and 2016
(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity			Total equity
			Legal reserve	Special reserve	Unappropriated retained earning	Exchange differences on translation of foreign operations	Unrealized losses from available-for-sale financial assets	Effective hedging instrument from cash flow hedge	
Balance as of January 1, 2016	\$ 5,430,289	\$ 4,624,208	\$ 3,010,522	\$ 1,290,820	\$ 8,038,464	\$ 902,905	\$ (34,646)	\$ 7,965	\$ 23,270,527
Reduction of capital	(1,086,058)	-	-	-	-	-	-	-	(1,086,058)
Acquisition or disposal of the interest of subsidiaries	-	-	-	-	(60,060)	-	-	-	(60,060)
Changes in subsidiaries' ownership	-	3,271	-	-	-	-	-	-	3,271
Appropriation and distribution of 2015 earnings:									
Legal reserve	-	-	190,505	-	(190,505)	-	-	-	-
Cash dividends	-	-	-	-	(814,543)	-	-	-	(814,543)
Net income for the year ended December 31, 2016	-	-	-	-	1,964,534	-	-	-	1,964,534
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	(96,722)	(1,542,792)	(467)	(4,595)	(1,644,576)
Total comprehensive income (loss)	-	-	-	-	1,867,812	(1,542,792)	(467)	(4,595)	319,958
Balance as of December 31, 2016	4,344,231	4,627,479	3,201,027	1,290,820	8,841,168	(639,887)	(35,113)	3,370	21,633,095
Acquisition or disposal of the interest of subsidiaries	-	30,586	-	-	-	-	-	-	30,586
Changes in subsidiaries' ownership	-	85,993	-	-	-	-	-	-	85,993
Appropriation and distribution of 2016 earnings:									
Legal reserve	-	-	196,453	-	(196,453)	-	-	-	-
Special reserve	-	-	-	671,630	(671,630)	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	(651,635)
Net income for the year ended December 31, 2017	-	-	-	-	1,750,627	-	-	-	1,750,627
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	73,478	(548,325)	35,113	(7,985)	(447,719)
Total comprehensive income (loss)	-	-	-	-	1,824,105	(548,325)	35,113	(7,985)	1,302,908
Balance as of December 31, 2017	\$ 4,344,231	\$ 4,092,423	\$ 3,397,480	\$ 1,962,450	\$ 8,928,344	\$ (1,188,212)	\$ -	\$ (4,615)	\$ 21,532,101

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2017 and 2016
(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31,		Description	For the years ended December 31,	
	2017	2016		2017	2016
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 1,796,169	\$ 2,141,618	Acquisition of financial assets measured at cost	\$ -	\$ (16,192)
Adjustments for:			Acquisition of investments accounted for using the equity method	(630,276)	-
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(50,106)	(71,117)
Bad debt expenses (reversal)	(3,009)	2,995	Proceeds from disposal of property, plant and equipment	2,600	2,522
Depreciation	101,358	102,978	Acquisition of intangible assets	(21,124)	(12,345)
Amortization (including other noncurrent assets)	14,126	10,931	Decrease in other noncurrent assets	2,088	4,801
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	38,969	(28,248)	Net cash used in investing activities	(696,818)	(92,331)
Interest expenses	98,386	38,914			
Interest income	(6,298)	(2,565)			
Share of profit of subsidiaries, associates and joint ventures	(1,506,461)	(1,731,268)			
Gain on disposal of property, plant and equipment	(298)	(598)			
Gain from bargain purchase	(4,247)	-			
Impairment loss on non-financial assets	-	704			
Unrealized gross profit	222,648	164,382			
Realized gross profit	(164,382)	(163,290)			
Changes in operating assets and liabilities:			Cash flows from financing activities :		
Notes receivables	(1,324)	-	Increase in short-term borrowings	403,164	1,010,151
Accounts receivables	2,594,938	(2,309,723)	Decrease in long-term borrowings	-	(328,250)
Accounts receivables-related parties	(433,714)	51,795	Increase (decrease) in other noncurrent liabilities	183	(80)
Other receivables	13,311	(836)	Reduction of capital	-	(1,086,058)
Other receivables-related parties	69,023	758,863	Cash dividends	(1,520,481)	(814,543)
Inventories	420,753	(270,637)	Net cash used in financing activities	(1,117,134)	(1,218,780)
Prepayments	(9,067)	55,713	Net decrease in cash and cash equivalents	(116,468)	(1,283,012)
Other current assets	16,047	(19,329)	Cash and cash equivalents at the beginning of the period	189,095	1,472,107
Notes payable	-	(38)	Cash and cash equivalents at the end of the period	\$ 72,627	\$ 189,095
Accounts payables	(1,000,244)	1,405,447			
Accounts payables-related parties	(17,990)	(98,061)			
Other payables	(233,427)	134,900			
Other payables-related parties	3,306	880			
Provision-current	4,387	(65,638)			
Other current liabilities	(205,887)	81,071			
Net defined benefit liabilities	(17,423)	(8,038)			
Cash generated from operating activities	1,789,650	252,922			
Interest received	6,294	2,666			
Dividend received	55,753	27,519			
Interest paid	(95,700)	(39,034)			
Income tax paid	(58,513)	(215,974)			
Net cash provided by operating activities	1,697,484	28,099			

Independent Auditors' Report

To Coretronic Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries ("the Group") as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter – Making Reference to the Audits of Component Auditors section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and cash flows for the years ended December 31, 2017 and 2016, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2017 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation for inventories

The Group recognized the allowance write-down of inventories amounted to NT\$495,326 thousand for the year ended December 31, 2017. Due to the rapid technological changes and innovation for projectors, backlight, and FPD-related products, management estimates the write-down of inventories. Considering the amount of inventories was significant and the assessment of the amount of inventories write-downs requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around inventories; evaluating the methodologies and assumptions used, including the reasonableness of the allowance write-down of inventories; testing the source of the basic data, including the aging and net realizable value of inventories, and recalculating its correctness; evaluating the overall adequacy of the allowance write-down of inventories through analytical review procedures. We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

Maintenance warranties for products

The Group recognized the provision of maintenance warranties for products amounted to NT\$742,629 thousand for the year ended December 31, 2017, the provision was based on the experience of maintenance warranties for products, management judges and estimates the provision of maintenance warranties. Considering the assessment of the amount of the provision of maintenance warranties requires the management's important judgement, we determined this is a key audit matter. Our audit procedures included, but not limited to, evaluating and testing the design and operating effectiveness of internal controls around the provision ratio of maintenance warranties; evaluating the reasonableness of accounting policies on the provision of maintenance warranties; testing the selected samples for the provision of maintenance warranties and confirming that whether to comply with the accounting policies; testing the source of the basic data. We also assessed the adequacy of disclosures of the provision of maintenance warranties for products. Please refer to Notes 5 and 6 to the Group's consolidated financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain consolidated subsidiary whose statements are based solely on the reports of other auditors. Total assets of the consolidated subsidiary amounted to NT\$95,736 thousand, representing 0.18% of consolidated total assets as of December 31, 2017, and total operating revenues amounted to NT\$14,497 thousand, representing 0.03% of the consolidated total operating revenues for the years ended December 31, 2017. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method whose statements are based solely on the reports of other auditors. These associates and joint ventures under equity method amounted to NT\$0 thousand and NT\$30,646 thousand, representing 0 % and 0.06% of consolidated total assets as of December 31, 2017 and 2016, respectively. The related shares of loss from the associates and joint ventures under the equity method amounted to NT\$2,942 thousand and NT\$2,046 thousand, representing (0.13)% and (0.08)% of the consolidated net income before tax for the years ended December 31, 2017 and 2016, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Group, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Group. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

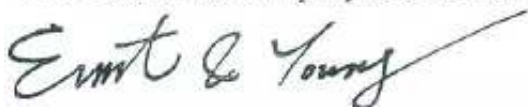
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2017 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended December 31, 2017 and 2016.



Ernst & Young, Taiwan

Taiwan
Republic of China

January 29, 2018

Notice to Readers

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 Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Note	December 31, 2017	%	December 31, 2016	%
Current assets					
Cash and cash equivalents	4, 6(1)	\$ 17,966,117	34.54	\$ 15,302,189	30.39
Financial assets at fair value through profit or loss-current	4, 6(2)	67,435	0.13	171,055	0.34
Hedging derivative financial assets-current	4, 6(2), 12	147,519	0.29	146,604	0.29
Note receivables, net	4, 6(5)	131,232	0.25	54,056	0.11
Trade receivables, net	4, 6(6)	16,366,797	31.46	17,534,750	34.82
Trade receivables-related parties, net	4, 6(6), 7	1,374	-	229	-
Other receivables	4, 8	625,469	1.20	390,446	0.78
Current tax assets	4, 5, 6(23)	6,570	0.01	12,985	0.02
Inventories, net	4, 5, 6(7)	7,903,924	15.20	7,175,756	14.25
Prepayments		581,456	1.12	467,257	0.93
Other current assets		146,811	0.28	184,701	0.37
Total current assets		43,944,704	84.48	41,440,028	82.30
Non-current assets					
Available-for-sale financial assets-noncurrent	4, 6(3)	-	-	54,962	0.11
Financial assets measured at cost-noncurrent	4, 6(4)	315,029	0.61	327,480	0.65
Investments accounted for using the equity method	4, 6(8)	-	-	30,646	0.06
Property, plant and equipment, net	4, 6(9)	6,760,253	13.00	7,543,772	14.98
Investment property, net	4, 5, 6(10)	184,511	0.34	192,564	0.38
Intangible assets	4, 6(11)	171,728	0.33	120,774	0.24
Deferred tax assets	4, 5, 6(23)	237,983	0.46	241,359	0.48
Net defined benefit assets-noncurrent	5, 6(15)	10,117	0.02	-	-
Other noncurrent assets	8	394,684	0.76	401,844	0.80
Total non-current assets		8,074,305	15.52	8,913,401	17.70
Total assets		\$ 52,019,009	100.00	\$ 50,353,429	100.00

(continued)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2017 and 2016
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Note	December 31, 2017	%	December 31, 2016	%
Current liabilities					
Short-term borrowings	6(12)	\$ 8,176,659	15.72	\$ 6,622,586	13.15
Financial liabilities at fair value through profit or loss-current	4, 6(13)	66,910	0.13	79,603	0.16
Hedging derivative financial liabilities-current	4, 6(13),12	156,598	0.30	143,274	0.28
Notes payable		581	-	2,777	0.01
Accounts payables		12,850,802	24.70	12,467,378	24.76
Accounts payables-related parties	7	39,911	0.08	40,850	0.08
Other payables		3,928,009	7.56	4,153,319	8.25
Current tax liabilities	4, 5, 6(23)	885,432	1.70	970,288	1.93
Provisions-current	4, 5, 6(16)	967,768	1.86	849,456	1.69
Other current liabilities		625,746	1.20	856,424	1.69
Current portion of long-term borrowings		49,024	0.09	1,875	-
Total current liabilities		27,747,440	53.34	26,187,830	52.00
Non-current liabilities					
Long-term borrowings	6(14)	459,251	0.88	28,125	0.06
Deferred tax liabilities	4, 5, 6(23)	34,246	0.07	62,048	0.12
Net defined benefit liabilities-noncurrent	5, 6(15)	185,387	0.36	297,754	0.59
Other noncurrent liabilities		46,024	0.09	22,997	0.05
Total non-current liabilities		724,908	1.40	410,924	0.82
Total liabilities		28,472,348	54.74	26,598,754	52.82
Equity attributable to owners of the parent					
Share capital					
Common stock	6(17)	4,344,231	8.35	4,344,231	8.63
Capital surplus	6(17)	4,092,423	7.87	4,627,479	9.19
Retained earnings	6(17), 6(22)				
Legal reserve		3,397,480	6.53	3,201,027	6.36
Special reserve		1,962,450	3.77	1,290,820	2.56
Unappropriated retained earning		8,928,344	17.16	8,841,168	17.56
Total retained earnings		14,288,274	27.46	13,333,015	26.48
Other equity		(1,192,827)	(2.29)	(671,630)	(1.33)
Total equity attributable to owners of the parent		21,532,101	41.39	21,633,095	42.97
Non-controlling interests	4, 6(17)	2,014,560	3.87	2,121,580	4.21
Total equity		23,546,661	45.26	23,754,675	47.18
Total liabilities and equity		\$ 52,019,009	100.00	\$ 50,353,429	100.00

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Note	For the years ended December 31,		For the years ended December 31,	
		2017	%	2016	%
Net sales	4, 5, 6(16), 6(18), 7	\$ 53,105,303	100.00	\$ 57,057,665	100.00
Operating costs	4, 5, 6(7), 6(11), 6(19), 6(20), 7	44,014,785	82.88	47,523,347	83.29
Gross profit		9,090,518	17.12	9,534,318	16.71
Operating expenses	6(11), 6(15), 6(19), 6(20)				
Selling expenses		1,940,482	3.66	1,816,785	3.18
General and Administrative expenses		2,391,602	4.50	2,690,266	4.72
Research and development expenses		3,027,153	5.70	3,055,137	5.35
Total operating expenses		7,359,237	13.86	7,562,188	13.25
Operating income		1,731,281	3.26	1,972,130	3.46
Non-operating income and expenses					
Other income	6(21)	602,050	1.13	625,175	1.09
Other gains and losses	6(21)	69,217	0.13	167,914	0.29
Finance costs	6(21)	(177,224)	(0.33)	(102,292)	(0.18)
Share of loss of associates and joint ventures accounted for using equity method	6(8)	(2,942)	(0.01)	(2,046)	-
Total non-operating income and expenses		491,101	0.92	688,751	1.20
Income before income tax		2,222,382	4.18	2,660,881	4.66
Income tax expense	4, 5, 6(23)	(517,804)	(0.97)	(834,788)	(1.46)
Net income		1,704,578	3.21	1,826,093	3.20
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans	6(21)	94,550	0.18	(115,948)	(0.20)
Income tax related to items that will not be reclassified	6(22), 6(23)	(16,074)	(0.03)	19,711	0.03
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations	6(22)	(594,048)	(1.12)	(1,650,870)	(2.89)
Unrealized gain (loss) on available-for-sale financial assets	6(22)	35,113	0.06	(467)	-
Loss on effective portion of cash flow hedges	6(22)	(12,427)	(0.02)	(5,839)	(0.01)
Income tax related to items that may be reclassified subsequently to profit or loss	6(22), 6(23)	4,442	0.01	1,244	-
Other comprehensive loss, net of tax		(488,444)	(0.92)	(1,752,169)	(3.07)
Total comprehensive income		\$ 1,216,134	2.29	\$ 73,924	0.13
Net income (loss) for the periods attributable to :					
Shareholders of the parent	6(24)	\$ 1,750,627		\$ 1,964,534	
Non-controlling interests	6(17), 6(26)	\$ (46,049)		\$ (138,441)	
Total comprehensive income (loss) for the periods attributable to :					
Shareholders of the parent		\$ 1,302,908		\$ 319,958	
Non-controlling interests		\$ (86,774)		\$ (246,034)	
Basic Earnings Per Share (in New Taiwan Dollars)	6(24)	\$ 4.03		\$ 4.01	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(24)	\$ 3.95		\$ 3.92	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2017 and 2016

(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	Unappropriated retained earning	Exchange differences on translation of foreign operations	Unrealized losses from available-for-sale financial assets	Effective hedging instrument from cash flow hedge			
Balance as of January 1, 2016	\$ 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
Reduction of capital	(1,086,058)	-	-	-	-	-	-	-	(1,086,058)	-	(1,086,058)
Acquisition or disposal of the interest of subsidiaries	-	-	-	-	(60,060)	-	-	-	(60,060)	(752)	(60,812)
Changes in subsidiaries' ownership	-	3,271	-	-	-	-	-	-	3,271	11,041	14,312
Appropriation and distribution of 2015 earnings:											
Legal reserve	-	-	190,505	-	(190,505)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(814,543)	-	-	-	(814,543)	-	(814,543)
Net income for the year ended December 31, 2016	-	-	-	-	1,964,534	-	-	-	1,964,534	(138,441)	1,826,093
Other comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	(96,722)	(1,542,792)	(467)	(4,595)	(1,644,576)	(107,593)	(1,752,169)
Total comprehensive income (loss)	-	-	-	-	1,867,812	(1,542,792)	(467)	(4,595)	319,958	(246,034)	73,924
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(34,160)	(34,160)
Balance as of December 31, 2016	4,344,231	4,627,479	3,201,027	1,290,820	8,841,168	(639,887)	(35,113)	3,370	21,633,095	2,121,580	23,754,675
Acquisition or disposal of the interest of subsidiaries	-	30,586	-	-	-	-	-	-	30,586	89,418	120,004
Changes in subsidiaries' ownership	-	85,993	-	-	-	-	-	-	85,993	(105,232)	(19,239)
Appropriation and distribution of 2016 earnings:											
Legal reserve	-	-	196,453	-	(196,453)	-	-	-	-	-	-
Special reserve	-	-	-	671,630	(671,630)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(868,846)	-	-	-	(868,846)	-	(868,846)
Cash dividends distributed from capital surplus	-	(651,635)	-	-	-	-	-	-	(651,635)	-	(651,635)
Net income for the year ended December 31, 2017	-	-	-	-	1,750,627	-	-	-	1,750,627	(46,049)	1,704,578
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	73,478	(548,325)	35,113	(7,985)	(447,719)	(40,725)	(488,444)
Total comprehensive income (loss)	-	-	-	-	1,824,105	(548,325)	35,113	(7,985)	1,302,908	(86,774)	1,216,134
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	(4,432)	(4,432)
Balance as of December 31, 2017	\$ 4,344,231	\$ 4,092,423	\$ 3,397,480	\$ 1,962,450	\$ 8,928,344	\$ (1,188,212)	\$ -	\$ (4,615)	\$ 21,532,101	\$ 2,014,560	\$ 23,546,661

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2017 and 2016

(Amounts in thousands of New Taiwan Dollars)

Description	For the years ended December 31,		Description	For the years ended December 31,	
	2017	2016		2017	2016
Cash flows from operating activities :			Cash flows from investing activities :		
Net income before tax	\$ 2,222,382	\$ 2,660,881	Acquisition of financial assets at cost	-	(16,192)
Adjustments for:			Acquisition of investments accounted for using the equity method	-	(29,925)
The profit or loss items which did not affect cash flows:			Acquisition of subsidiaries (net of cash acquired)	(18,271)	(20,531)
Bad debt expense	85,207	24,413	Proceeds from disposal of available-for-sale financial assets	113,216	-
Depreciation (including investment property)	1,137,161	1,241,248	Proceeds from disposal of financial assets measured at cost	11,523	-
Amortization (including other noncurrent assets)	78,326	56,540	Acquisition of property, plant and equipment	(542,120)	(647,885)
Interest expenses	177,224	102,292	Proceeds from disposal of property, plant and equipment	51,192	177,632
Interest income	(304,800)	(255,704)	Acquisition of intangible assets	(74,561)	(31,773)
Dividend income	(2,261)	(7,335)	Proceeds from disposal of intangible assets	897	-
Transfer of property, plant and equipment to expense	727	2,470	Decrease in other noncurrent assets	7,301	25,883
(Gain) loss on disposal of property, plant and equipment	(550)	7,392	Net cash used in investing activities	(450,823)	(542,791)
Loss on disposal of intangible assets	-	183			
Transfer of intangible assets to expense	1,350	797			
Gain from bargain purchase	(4,247)	-			
Gain on disposal of investments	(27,414)	-			
Share of loss of associates and joint ventures accounted for using equity method	2,942	2,046			
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	90,927	(89,185)			
Impairment of non-financial assets	51,546	103,074			
Changes in operating assets and liabilities:			Cash flows from financing activities :		
Notes receivables	(77,176)	60,582	Increase in short-term borrowings	1,547,351	1,316,871
Accounts receivables	1,088,500	2,188,968	Increase (decrease) in long-term borrowings	467,272	(300,125)
Accounts receivables-related parties	(1,145)	5,972	Reduction of capital	-	(1,086,058)
Other receivables	(226,118)	(103,358)	Increase (decrease) in other noncurrent liabilities	1,627	(4,192)
Inventories	(710,306)	(52,225)	Cash dividends	(1,520,481)	(814,543)
Prepayments	(110,968)	264,582	Acquisition of subsidiaries' ownership	-	(61,110)
Other current assets	37,890	(15,836)	Payment on subsidiaries' acquisition of treasury stock	(20,719)	-
Notes payables	(2,196)	(2,124)	Proceeds from disposal of subsidiaries' ownership (without a change of control)	57,685	-
Accounts payables	375,715	(2,429,249)	Change in non-controlling interests	63,568	(22,614)
Accounts payables-related parties	(939)	15,326	Net cash provided by (used in) financing activities	596,303	(971,771)
Other payables	(238,604)	(422,728)	Effect of exchange rate changes on cash and cash equivalents	(470,963)	(1,260,795)
Provision-current	118,312	(18,176)	Net increase (decrease) in cash and cash equivalents	2,663,928	(142,561)
Other current liabilities	(230,678)	119,384	Cash and cash equivalents at the beginning of the period	15,302,189	15,444,750
Net defined benefit assets/liabilities	(27,934)	(13,463)	Cash and cash equivalents at the end of the period	\$ 17,966,117	\$ 15,302,189
Cash generated from operating activities	3,502,873	3,446,767			
Dividend received	2,261	7,335			
Interest received	295,940	242,942			
Interest paid	(173,495)	(129,200)			
Income tax paid	(638,168)	(935,048)			
Net cash provided by operating activities	2,989,411	2,632,796			

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

Coretronic Corporation

2017's Earnings Distribution Table

Unit : NTD

Item	Amount	
	Subtotal	Total
Beginning of Unappropriated Earnings		7,104,238,731
Plus: Defined benefit plans measure number	73,478,257	
Cumulative of Unappropriated Earnings		7,177,716,988
2017's Unappropriated Earnings	1,750,626,858	
Minus: Appropriated For Legal Reserve	175,062,686	
Minus: Appropriated For Special Reserve	521,197,219	
2017's Earnings Available For Distribution		1,054,366,953
Earnings Available For Distribution (Cumulative)		8,232,083,941
Cash Dividends To Shareholders (NTD2.5 /per share)		1,086,057,775
End of Unappropriated Earnings		7,146,026,166
<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

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 :

1. CC01110 Computers and Computing Peripheral Equipments Manufacturing
2. CC01080 Electronic Parts and Components Manufacturing
3. CE01030 Photographic and Optical Equipment Manufacturing
4. CC01101 Restrained Telecom Radio Frequency Equipments and Materials Manufacture
5. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
6. CC01990 Electrical Machinery, Supplies Manufacturing (can only be manufactured outside Hsinchu Science Park)
7. CC01990 Batteries Manufacturing (can only be manufactured outside Hsinchu Science Park)
8. Research, develop, produce, manufacture and sale the following optical products :
 - (1) Various LCDs, projections and the backlight modules
 - (2) Multimedia presentation system equipments and software
 - (3) Plasma display monitors/TVs, LCD internet personal computer, LCD Windows base terminal, digital transmission, LCD monitors
 - (4) All kinds of consigned design and develop and consulting services regarding above products
 - (5) Import and export trading business related to the above businesses (except the businesses requiring permit)
9. 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)
10. 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. 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..

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: 10%~20% of profit of the current year shall be distributed as employees' compensation. If the Company have losses from previous year, the losses shall be compensated in advance. Employee compensation distributed shall be made in stocks or cash including employees of the Company and may include employees of the controlled companies.

In the case that the annual final accounts 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.

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: 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; 20th amended on June 15, 2016; 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.

Status of all Directors' Shareholding

1. Total shares issued as of April 16, 2018 are 434,423,110.
2. As of April 16, 2018, the total shares of all directors as below :

Title	Name	Number of shares	Shareholding ratio
Director	Mr. Wade Chang	7,921,463	1.82%
Director	Hsun Chieh Investment Ltd.	15,062,551	3.47%
Director	Ms. Sarah Lin	810,000	0.19%
Director	Mr. S. Y. Chen	803,452	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		24,597,466	5.66%

3. According to legal rules the minimum number of shares that may be held by all directors is 16,000,000 shares.